ITW HOBART BROTHERS

400 Trade Square East
Troy, Ohio 45373-2463
937.332.4000

EPA Region 5 Records Ctr.
368644

April 25, 2002

RECEIVED
MAY 01 2002
SUPERFUND DIVISION

U.S. Environmental Protection Agency
Deena Sheppard-Johnson, SR-6J
Remedial Enforcement Support Section
77 West Jackson Blvd.
Chicago, Illinois 60604-3590

RE: CERCLA, 42 U.S.C. 9604(e), Section 104(e) request.
The South Dayton Dump, Moraine, OH

Dear Ms. Sheppard-Johnson:

The following is the response of ITW Hobart Brothers Company in regards to the Information Request and its questions in Attachment 2 concerning the South Dayton Dump Site (Site) located at 1976 Dryden Road (aka) Springboro Pike, Moraine, Ohio.

ITW acquired Hobart Brothers in 1996. In compliance with the requirements of CERCLA we have reviewed available documents as well as conducted interviews of present and former employees. Because of the changes in ownership and the broad applicable time period, we are unable to determine whether our records are complete. Thus, we intend to continue our good faith search and will supplement this response if we find additional relevant information.

Please direct all questions and correspondence regarding this site to me at:

ITW Hobart Brothers Company
101 Trade Square East
Troy, Ohio 45313

Phone: (937) 332-5313
Fax: (937) 332-5178
E-mail mckeeti@hobartbrothers.com

ITW Hobart Brothers Company is currently not involved in discussions with state or local authorities, engaged in voluntary cleanup action, or involved in any lawsuit regarding this Site. ITW Hobart Brothers does, however, wish to explore negotiating a reasonable resolution of any potential liability with both EPA and other potentially responsible parties for this Site.

By agreeing to work with a PRP group to resolve any potential liabilities, Hobart does not admit any liability nor does it waive any possible defenses to liability in the event the parties fail to reach an agreement.

I certify under penalty of law that this document and all attachments were prepared under my direction or supervision in accordance with a system designed to assure that qualified personnel properly gathered and evaluated the information submitted.

Based upon my inquiry of the person or persons who manage the system, or those persons directly responsible for gathering the information, the information submitted is to the best of my knowledge and belief true, accurate, and complete. I am aware that there are significant penalties for submitting false information, including the possibility of fine and imprisonment for knowing violations.

Timothy J. McKee, Environmental Specialist

4/25/02
Date

Sworn to and subscribed in my presence this 25th day of April 2002.

Notary Public

TAMMY L. MOLER
NOTARY PUBLIC, STATE OF OHIO
RECORDED IN MIAMI COUNTY
MY COMMISSION EXPIRES JUNE 4, 2002

1. Elmo Boyd — Retired, ITW Hobart Brothers Company
   Ken Brown — Environmental Engineer, Illinois Tool Works, Inc.
   Max Hebb — Retired, ITW Hobart Brothers Company
   Bob Karnehm — Retired, ITW Hobart Brothers Company
   Bob Lamme — Retired, Hobart Brothers Company
   Herb Luttrell — Maintenance Supervisor, ITW Hobart Brothers Company
   Tim McKee — Environmental Specialist, ITW Hobart Brothers Company
   Lowell Mott — Retired, ITW Hobart Brothers Company
   Alan Stocker — Manager Facility Maintenance, ITW Hobart Brothers Company
   Dean Williams — Production Coordinator, ITW Hobart Brothers Company

2. Hobart Brothers lacks knowledge or information regarding any materials or wastes shipped to this Site, and therefore has no basis upon which to respond to this question.

3. Based on some reasonable inquiry of those responsible for waste disposal and the available records Hobart Brothers lacks knowledge or information regarding any materials or wastes shipped to this Site, and therefore has no basis upon which to respond to this question.

4. OHD981526957
   OHD987000460
   OHD004279337

5. Hobart Brothers lacks knowledge or information regarding the specific operations of this Site, or the acts and omissions of any person and therefore has no basis upon which to respond to this question. Hobart Brothers had no direct or indirect involvement in the daily operation or decision making relating to the Site.

6. Elmo Boyd — Retired, ITW Hobart Brothers Company
   Max Hebb — Retired, ITW Hobart Brothers Company
   Bob Karnehm — Retired, ITW Hobart Brothers Company
   Bob Lamme — Retired, Hobart Brothers Company
   Herb Luttrell — Maintenance Supervisor, ITW Hobart Brothers Company
   Ron Meade — ITW Hobart Brothers Company
   Lowell Mott — Retired, ITW Hobart Brothers Company
   Alan Stocker — Manager Facility Maintenance, ITW Hobart Brothers Company
   Dean Williams — Production Coordinator, ITW Hobart Brothers Company

7. A. Hobart Brothers lacks knowledge or information regarding any materials or wastes shipped to this Site, and therefore has no basis upon which to respond to this question.

B. Hobart Brothers lacks knowledge or information regarding any materials or wastes shipped to this Site, and therefore has no basis upon which to respond to this question.

8. a) through q) Hobart Brothers lacks knowledge or information regarding any materials or wastes shipped to this Site, and therefore has no basis upon which to respond to this question.

9. Requested insurance information is attached in tabular form (See Appendix A).

10. Copies of the respondent's tax returns for the past five fiscal years are attached (See Appendix B).

11.
   a. Articles of Incorporation and Bylaws of Respondent are attached (See Appendix C).
   b. Financial statements for the past five fiscal years are attached (See Appendix D). These are consolidated statements for the Parent Corporation, Illinois Tool Works.
   c. Information regarding current assets and liabilities is attached (See Appendix E). Illinois Tool Works, Inc. is responsible for these assets and liabilities.
   d. The Parent Corporation of the Respondent is Illinois Tool Works, Inc. All subsidiaries are identified in Exhibit 21 of the reports provided for item 11.b.

12. Not Applicable

13. Not Applicable

SDMS US EPA Region V

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APPENDICES A, B, & C

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Appendix D

Excerpts of Documents Used to Answer Question(s) 11(b)

Financial statements for the past five fiscal years.

EXHIBIT 21

ILLINOIS TOOL WORKS INC.
SUBSIDIARIES AND AFFILIATES
MARCH 2002

COMPANY	RELATIONSHIP	PERCENT OWNERSHIP	JURISDICTION
1245267 Ontario Limited	Subsidiary	100.00%	Canada
2945-5649 Quebec, Inc.	Subsidiary	100.00%	Canada
A 3 Sud S.r.l	Subsidiary	100.00%	Italy
A.J. Gerrard LLC	Subsidiary	100.00%	Delaware
Accu-Lube Manufacturing GmbH	Affiliate	50.00%	Germany
ACI Kardam Manufacturing Limited	Subsidiary	100.00%	Canada
Acme Flooring Limited	Subsidiary	100.00%	United Kingdom
ALMA Corp. S.A.R.L	Subsidiary	100.00%	France
Alubec Industries, Inc.	Subsidiary	100.00%	Canada
Arborite Inc.	Subsidiary	100.00%	Canada
Arcsmith Canada Inc.	Subsidiary	100.00%	Canada
Ausmark Poland Sp. z.o.o	Subsidiary	100.00%	Poland
AXA Power ApS	Subsidiary	100.00%	Denmark
Axel Akerman A/S	Subsidiary	100.00%	Denmark
Azon Pty. Limited	Subsidiary	100.00%	Australia
B.C. Immo S.C.I	Subsidiary	100.00%	France
B.C.H. S.A.S	Subsidiary	100.00%	France
Bailly Comte S.A.S	Subsidiary	100.00%	France
Balcony Servicos de Consultoria Unipessoal Lda	Subsidiary	100.00%	Madeira
Berkel Products Co. Limited	Subsidiary	100.00%	Canada
Berrington (UK) Ltd.	Subsidiary	100.00%	United Kingdom
BILCME L.L.C	Subsidiary	100.00%	Delaware
Binks Limited	Subsidiary	100.00%	United Kingdom
Bourgeois N.V	Subsidiary	100.00%	Belgium
Bourgeois Tricautt International	Affiliate	35.00%	France
Bourgeois Tricautt Regethermic Ind. S.A.	Affiliate	35.00%	France
BTRI S.A.	Affiliate	35.00%	France
Burseryds Bruk AB	Subsidiary	100.00%	Sweden
Carbim Duo-Fast do Brazil, Ltda.	Affiliate	50.00%	Brazil
Cema Maschine Fabrik GmbH	Subsidiary	100.00%	Germany
Cetram Pty. Limited	Subsidiary	100.00%	Australia
Champs Investment E.U.R.L	Subsidiary	100.00%	France
Childers Products Co. Ltd.	Subsidiary	100.00%	Canada
Clomarc Investment Corporation Limited	Subsidiary	100.00%	United Kingdom
Cofiva s.r.l	Subsidiary	100.00%	Italy
Comercializadora West Bend S.A. de C.V.	Subsidiary	100.00%	Mexico
COMET S.A.S. (Compagnie de Materiel et d'Equipements Techniques S.A.S.)	Subsidiary	100.00%	France

COMPANY	RELATIONSHIP	PERCENT OWNERSHIP	JURISDICTION
Compagnie Hobart S.A.S	Subsidiary	100.00%	France
Corporacion Coral S.A. de C.V.	Subsidiary	100.00%	Mexico
CPM S.A. (Comptoir des Products Mettalurgiques S.A.)	Subsidiary	100.00%	France
CS (Australasia) Limited	Subsidiary	100.00%	Bermuda
CS (Australia) Pty. Ltd.	Subsidiary	100.00%	Australia
CS (Europe) Holdings Ltd.	Subsidiary	100.00%	Bermuda
CS (Finance) Europe S.a.r.l	Subsidiary	100.00%	Luxembourg
CS (Holdings) Europe S.a.r.l	Subsidiary	100.00%	Luxembourg
CS Capital I L.L.C	Subsidiary	100.00%	Delaware
CS Financing I L.L.C	Subsidiary	100.00%	Delaware
CS Leasing GmbH	Subsidiary	100.00%	Germany
CS Packaging (Malaysia) Sdn Bhd	Affiliate	50.00%	Malaysia
CS Packaging Corporation Ltd.	Affiliate	50.00%	British Virgin Island
CS Packaging Corporation Ltd.	Affiliate	50.00%	Hong Kong
CS Packaging Corporation Pte. Ltd.	Affiliate	50.00%	Singapore
CS Packaging Corporation Shanghai Ltd.	Affiliate	50.00%	China
CS Packaging Investment Pte. Ltd.	Affiliate	50.00%	Singapore
CS PMI Holdings Inc.	Subsidiary	100.00%	Delaware
CS PMI Inc.	Subsidiary	100.00%	Delaware
CSE Germany GmbH Co. & KG	Subsidiary	100.00%	Germany
Cumberland Leasing Co.	Subsidiary	100.00%	Illinois
Cyclone Industries Pty. Ltd.	Subsidiary	100.00%	Australia
Cyklop Singapore Pte. Ltd.	Affiliate	50.00%	Singapore
Dacro B.V	Subsidiary	100.00%	Netherlands
D'Arnaud B.V	Subsidiary	100.00%	Netherlands
David Monclus S.A.	Subsidiary	100.00%	Spain
Decorative Sleeves (Ireland) Limited	Subsidiary	100.00%	Ireland
Decorative Sleeves Holdings Limited	Subsidiary	100.00%	United Kingdom
Decorative Sleeves Limited	Subsidiary	100.00%	United Kingdom
Devcon Limited	Subsidiary	100.00%	Ireland
DeVilbiss Equipamentos Para Pintura Industrial Ltda.	Subsidiary	100.00%	Brazil
DeVilbiss Europa Unterstuetzungskasse GmbH	Subsidiary	100.00%	Germany
DeVilbiss Ransburg de Mexico S.A. de C. V	Subsidiary	100.00%	Mexico
Diagraph Corporation Sdn. Bhd	Subsidiary	100.00%	Malaysia
Diagraph Europe Ltd.	Subsidiary	100.00%	United Kingdom
Diagraph Mexico, S.A. de C.V.	Subsidiary	100.00%	Mexico
Dinky Finance Invest S.a.r.l	Subsidiary	100.00%	Luxembourg
Duo-Fast (Singapore) Pte. Ltd.	Affiliate	50.00%	Singapore
Duo-Fast (U.K.) Limited	Subsidiary	100.00%	United Kingdom
Duo-Fast Corporation	Subsidiary	100.00%	Illinois
Duo-Fast CR, s.r.o	Subsidiary	100.00%	Czech Republic
Duo-Fast de Espana S.A.	Subsidiary	100.00%	Spain
Duo-Fast Distribucion Centro, S.A.	Subsidiary	100.00%	Spain
Duo-Fast France S.A.S	Subsidiary	100.00%	France
Duo-Fast GmbH	Subsidiary	100.00%	Germany
Duo-Fast Korea Co. Ltd.	Affiliate	49.00%	Korea
Duo-Fast Polska Sp. Z.o.o	Subsidiary	100.00%	Poland
Edgepack Limited	Subsidiary	100.00%	United Kingdom

COMPANY	RELATIONSHIP	PERCENT OWNERSHIP	JURISDICTION
Electrodos de Centroamérica S.A.	Affiliate	50.00%	Guatemala
Elga AB	Subsidiary	100.00%	Sweden
Elga Deutschland Schweisstechnik GmbH	Subsidiary	100.00%	Germany
Elga Saldatura s.r.l	Subsidiary	94.00%	Italy
Elga Skandinavian AS	Subsidiary	100.00%	Norway
Elga Soudage S.A.	Subsidiary	100.00%	France
Elga Welding Consumables Ltd.	Subsidiary	100.00%	United Kingdom
Elga Welding European B.V	Subsidiary	100.00%	Netherlands
Elga-Hitsaus Oy	Subsidiary	100.00%	Finland
Elleyse Financing SNC	Subsidiary	100.00%	France
Eltex-Elektrostatik-GmbH	Subsidiary	100.00%	Germany
Embalajes Agrupados SA	Affiliate	25.00%	Spain
Endra B.V	Subsidiary	100.00%	Netherlands
Envases Multipac, S.A. de C.V.	Affiliate	49.00%	Mexico
Epirez Australia Pty. Ltd.	Subsidiary	100.00%	Australia
Equipment Technique Service S.A.R.L	Subsidiary	100.00%	France
ERG Industrial Corporation Limited	Subsidiary	100.00%	United Kingdom
Etilab GmbH	Subsidiary	100.00%	Germany
Eurotec Refrigerazione S.r.l	Subsidiary	100.00%	Italy
Eurotec s.r.l	Subsidiary	100.00%	Italy
Fastener Imports Limited	Subsidiary	100.00%	Cayman Islands
FEG France Holdings, Inc.	Subsidiary	100.00%	Delaware
Florida Tile Industries, Inc.	Subsidiary	100.00%	Florida
Foster Refrigerator (U.K.) Limited	Subsidiary	100.00%	United Kingdom
Foster Refrigerator France S.A.	Subsidiary	100.00%	France
Foster Refrigerator Holdings GmbH	Subsidiary	100.00%	Germany
Foster Refrigerator Management Services Ltd.	Subsidiary	100.00%	United Kingdom
FTI Factors, Inc.	Subsidiary	100.00%	Delaware
Future Hope — Servicos De Marketing Lda	Subsidiary	100.00%	Madeira
Gaylord Industries (Europe) Limited	Subsidiary	100.00%	United Kingdom
Genious Development S.A.R.L	Subsidiary	100.00%	France
Gerhard Haugk GmbH	Subsidiary	100.00%	Germany
Gerrard Signode Pty. Limited	Subsidiary	100.00%	Australia
H. Bohl GmbH	Subsidiary	100.00%	Germany
H.A. Springer Far East Pte. Ltd.	Subsidiary	100.00%	Singapore
Halles Financing E.U.R.L	Subsidiary	100.00%	France
Haloila Vertrieb GmbH	Subsidiary	100.00%	Germany
Heger GmbH European Diamond Tools	Subsidiary	100.00%	Germany
Heistrap Industriesysteme GmbH	Subsidiary	100.00%	Germany
HFD af 18.December 1997 A/S	Subsidiary	100.00%	Denmark
Hobart (Japan) K.K	Subsidiary	100.00%	Japan
Hobart Andina S.A.	Subsidiary	100.00%	Columbia
Hobart Argentina S.A.	Subsidiary	100.00%	Argentina
Hobart Brothers (International) AG	Subsidiary	100.00%	Switzerland
Hobart Brothers Company	Subsidiary	100.00%	Ohio
Hobart Brothers International Limitada	Subsidiary	100.00%	Chile
Hobart Corporation	Subsidiary	100.00%	Delaware

COMPANY	RELATIONSHIP	PERCENT OWNERSHIP	JURISDICTION
Hobart Dayton Mexicana S.A. de C.V.	Subsidiary	100.00%	Mexico
Hobart do Brasil Ltd.	Subsidiary	100.00%	Brazil
Hobart Equipment Leasing Limited	Subsidiary	100.00%	United Kingdom
Hobart Food Equipment Co. Ltd.	Subsidiary	100.00%	China
Hobart Food Equipment Pty. Ltd.	Subsidiary	100.00%	Australia
Hobart Foster (South Africa) Pty. Ltd.	Subsidiary	100.00%	South Africa
Hobart Foster Belgium B.V.B.A	Subsidiary	100.00%	Belgium
Hobart Foster Holland B.V	Subsidiary	100.00%	Netherlands
Hobart Foster Scandanavia A/S	Subsidiary	100.00%	Denmark
Hobart Foster Techniek B.V	Subsidiary	100.00%	Netherlands
Hobart G.m.b.H	Subsidiary	100.00%	Germany
Hobart Holdings, Inc.	Subsidiary	100.00%	Delaware
Hobart Institute of Welding Technology	Subsidiary	100.00%	Ohio
Hobart International (Singapore) Pte. Ltd.	Subsidiary	100.00%	Singapore
Hobart International (South Asia), Inc.	Subsidiary	100.00%	Delaware
Hobart International, Inc.	Subsidiary	100.00%	Delaware
Hobart Korea Co. Ltd.	Subsidiary	100.00%	Korea
ITW Food Equipment Group LLC	Subsidiary	100.00%	Delaware
Hobart Manufacturing Co. Pty. Ltd.	Subsidiary	100.00%	Australia
Hobart Manufacturing Company Limited, The	Subsidiary	100.00%	United Kingdom
Hobart Sales & Service, Inc.	Subsidiary	100.00%	Ohio
Hopital Services Systemes S.A.S	Subsidiary	100.00%	France
Hylec Eletro Gibi (UK) Ltd.	Affiliate	33.00%	United Kingdom
I.T.W. Inc.	Subsidiary	100.00%	Illinois
ICBIL L.L.C	Subsidiary	100.00%	Delaware
Illinois Tool Works (ITW) Nederland B.V	Subsidiary	100.00%	Netherlands
Illinois Tool Works FSC Inc.	Subsidiary	100.00%	Barbados
IMSA ITW, S.A. de C.V.	Affiliate	50.00%	Mexico
IMSA Paslode, S.A. de C.V.	Affiliate	50.00%	Mexico
IMSA Signode, S.A. de C.V.	Affiliate	50.00%	Mexico
Industrias Regard	Affiliate	10.00%	Spain
Inmobillaria Cit., S.A. de C.F	Affiliate	49.00%	Mexico
Inox Equipment S.A.	Subsidiary	100.00%	France
Interstrap B.V	Subsidiary	100.00%	Netherlands
Isis SNC	Subsidiary	100.00%	France
ITW (Deutschland) GmbH	Subsidiary	100.00%	Germany
ITW (EU) Holdings Ltd.	Subsidiary	100.00%	Bermuda
ITW Administration GmbH	Subsidiary	100.00%	Germany
ITW AFC Pty. Limited	Subsidiary	100.00%	Australia
ITW Aircraft Investments Inc.	Subsidiary	100.00%	Delaware
ITW Ampang Industries Philippines, Inc.	Subsidiary	100.00%	Philippines
ITW Angleboard AB	Subsidiary	100.00%	Sweden
ITW Asia (Pte.) Limited	Subsidiary	100.00%	Singapore
ITW Australia Pty. Ltd.	Subsidiary	100.00%	Australia
ITW Austria Vertriebs GmbH	Subsidiary	100.00%	Austria
ITW Automotive Italia s.r.l	Subsidiary	100.00%	Italy
ITW Automotive Products GmbH	Subsidiary	100.00%	Germany

COMPANY	RELATIONSHIP	PERCENT OWNERSHIP	JURISDICTION
ITW Automotive Products GmbH & Co. K.G	Subsidiary	100.00%	Germany
ITW Befestigungssysteme GmbH	Subsidiary	100.00%	Germany
ITW Belgium S.p.r.l	Subsidiary	100.00%	Belgium
ITW Bevestigingssystemen B.V	Subsidiary	100.00%	Netherlands
ITW Binks Corporation	Subsidiary	100.00%	Delaware
ITW Brazilian Nominee L.L.C	Subsidiary	100.00%	Delaware
ITW Canada	Subsidiary	100.00%	Canada
ITW Canada Holdings Company	Subsidiary	100.00%	Canada
ITW Canada Management Inc.	Subsidiary	100.00%	Canada
ITW Cayman	Subsidiary	100.00%	Cayman Islands
ITW Chemical Products Ltda	Subsidiary	100.00%	Brazil
ITW Chemical Products Scandinavia ApS	Subsidiary	100.00%	Denmark
ITW Chemische Produkte GmbH	Subsidiary	100.00%	Germany
ITW China Components Inc.	Subsidiary	100.00%	Delaware
ITW Construction Products (Suzhou) Co. Ltd.	Subsidiary	100.00%	China
ITW Construction Products ApS	Subsidiary	100.00%	Denmark
ITW Construction Products B.V	Subsidiary	100.00%	Netherlands
ITW Construction Products Italy s.r.l	Subsidiary	100.00%	Italy
ITW Cupids L.L.C	Subsidiary	100.00%	Delaware
ITW de Argentina S.A.	Subsidiary	100.00%	Argentina
ITW de France S.A.S	Subsidiary	100.00%	France
ITW Decorating Swiss AG	Subsidiary	100.00%	Switzerland
ITW DelFast do Brasil Ltda.	Subsidiary	100.00%	Brazil
ITW Devcon Industriel Products GmbH	Subsidiary	100.00%	Germany
ITW do Brazil Industrial e Comercial Ltda.	Subsidiary	100.00%	Brazil
ITW Domestic Finance Company	Subsidiary	100.00%	Delaware
ITW Domestic Holdings Inc.	Subsidiary	100.00%	Delaware
ITW D-Tech Holdings GmbH	Subsidiary	100.00%	Germany
ITW Dynatec (Hong Kong) Limited	Affiliate	50.00%	Hong Kong
ITW Dynatec G.m.b.H	Subsidiary	100.00%	Germany
ITW Dynatec Kabushiki Kaisha	Subsidiary	100.00%	Japan
ITW Dynatec Singapore Pte. Ltd.	Affiliate	50.00%	Singapore
ITW Dynatec Thailand Ltd.	Affiliate	20.00%	Thailand
ITW Electronic Component Manufacturing Company d.o.o	Subsidiary	100.00%	Slovenia
ITW Electronic Components Packaging Systems, S. de R.L. de C.V.	Subsidiary	100.00%	Mexico
ITW Electronic Components Pte. Ltd.	Subsidiary	100.00%	Singapore
ITW Electronic Packaging (Malta) Ltd.	Subsidiary	100.00%	Malta
ITW Espana S.A.	Subsidiary	100.00%	Spain
ITW Fastex de Argentina S.A.	Subsidiary	100.00%	Argentina
ITW Fastex de Mexico S.A. de C.V.	Subsidiary	100.00%	Mexico
ITW Fastex France S.A.S	Subsidiary	100.00%	France
ITW Fastex Italia s.r.l	Subsidiary	100.00%	Italy
ITW Finance II L.L.C	Subsidiary	100.00%	Delaware
ITW Finance L.L.C	Subsidiary	100.00%	Delaware

COMPANY	RELATIONSHIP	PERCENT OWNERSHIP	JURISDICTION
ITW Finishing L.L.C	Subsidiary	100.00%	Delaware
ITW Foils B.V	Subsidiary	100.00%	Netherlands
ITW Foils Srl	Subsidiary	100.00%	Italy
ITW Gema AG	Subsidiary	100.00%	Switzerland
ITW Gema s.r.l	Subsidiary	100.00%	Italy
ITW Gunther Denmark ApS	Subsidiary	100.00%	Denmark
ITW Gunther GmbH	Subsidiary	100.00%	Germany
ITW Gunther S.A.S	Subsidiary	100.00%	France
ITW Henschel GmbH	Subsidiary	100.00%	Germany
ITW Holding France S.A.S	Subsidiary	100.00%	France
ITW Holdings Pty. Ltd.	Subsidiary	100.00%	Australia
ITW Holdings U.K	Subsidiary	100.00%	United Kingdom
ITW Hospitality Products Pty. Limited	Subsidiary	100.00%	Australia
ITW Industrial Components s.r.l	Subsidiary	100.00%	Italy
ITW Industry Co., Ltd.	Subsidiary	100.00%	Japan
ITW International Finance S.A.S	Subsidiary	100.00%	France
ITW International Holdings Inc.	Subsidiary	100.00%	Delaware
ITW Investments, Inc.	Subsidiary	100.00%	Delaware
ITW Ireland	Subsidiary	100.00%	Ireland
ITW Ireland Holdings	Subsidiary	100.00%	Ireland
ITW Italy Finance E.U.R.L	Subsidiary	100.00%	Italy
ITW Italy Holding S.r.l	Subsidiary	100.00%	Italy
ITW Jeju Industries Private Limited	Subsidiary	55.00%	India
ITW Leasing L.L.C	Subsidiary	100.00%	Delaware
ITW Limited	Subsidiary	100.00%	United Kingdom
ITW Litec S.A.S	Subsidiary	100.00%	France
ITW Ltd. Storbritannien Filal Sverige	Subsidiary	100.00%	Sweden
ITW Meritex (Singapore) Pte. Ltd.	Subsidiary	100.00%	Singapore
ITW Meritex Sdn. Bhd	Subsidiary	100.00%	Malaysia
ITW Mima Films L.L.C	Subsidiary	100.00%	Delaware
ITW Mima Holdings L.L.C	Subsidiary	100.00%	Delaware
ITW Mima Service S.A.S	Subsidiary	100.00%	France
ITW Mima Systems S.A.S	Subsidiary	100.00%	France
ITW Morlock GmbH	Subsidiary	100.00%	Germany
ITW Mortgage Investment I, Inc.	Subsidiary	100.00%	Delaware
ITW Mortgage Investment II, Inc.	Subsidiary	100.00%	Delaware
ITW Mortgage Investment III, Inc.	Subsidiary	100.00%	Delaware
ITW Mortgage Investment IV, Inc.	Subsidiary	100.00%	Delaware
ITW New Zealand Limited	Subsidiary	100.00%	New Zealand
ITW Nominees Ltd.	Subsidiary	100.00%	New Zealand
ITW Oberflaechentechnik GmbH, K.G	Subsidiary	100.00%	Germany
ITW Operations Pty. Ltd.	Subsidiary	100.00%	Australia
ITW P&F Holdings Pty. Ltd.	Subsidiary	100.00%	Australia
ITW Paris E.U.R.L	Subsidiary	100.00%	France
ITW Participations S.a.r.l.	Subsidiary	100.00%	Luxembourg
ITW Philippines Inc.	Subsidiary	100.00%	Philippines
ITW PMI International Investments, Inc.	Subsidiary	100.00%	Delaware
ITW PMI Investments, Inc.	Subsidiary	100.00%	Delaware
ITW Polska Sp. z.o.o	Subsidiary	100.00%	Poland
ITW Poly Mex, S.A. de C.V.	Subsidiary	100.00%	Mexico
ITW Poly Recycling GmbH	Subsidiary	100.00%	Switzerland

COMPANY	RELATIONSHIP	PERCENT OWNERSHIP	JURISDICTION
ITW Polymers & Fluids Group Pty. Ltd.	Subsidiary	100.00%	Australia
ITW Produits Chimiques S.A.S	Subsidiary	100.00%	France
ITW PSL Inc.	Subsidiary	100.00%	Delaware
ITW Residuals III L.L.C	Subsidiary	100.00%	Delaware
ITW Residuals IV L.L.C	Subsidiary	100.00%	Delaware
ITW Richmond Sdn. Bhd	Subsidiary	100.00%	Malaysia
ITW Rivex S.A.	Subsidiary	100.00%	France
ITW Scanimed S.A.S	Subsidiary	100.00%	France
ITW Service Inc.	Subsidiary	100.00%	Korea
ITW Shippers S.p.r.l	Subsidiary	100.00%	Belgium
ITW Signode Australasia Pty. Limited	Subsidiary	100.00%	Australia
ITW Signode Belgium B.V.B.A	Subsidiary	100.00%	Belgium
ITW Signode Holding GmbH	Subsidiary	100.00%	Germany
ITW Signode India Limited	Subsidiary	91.88%	India
ITW SMPI S.A.S	Subsidiary	100.00%	France
ITW South Africa L.L.C	Subsidiary	100.00%	Delaware
ITW SP Europe S.a.r.l	Subsidiary	100.00%	Luxembourg
ITW Specialty Film Co. Ltd.	Subsidiary	100.00%	Korea
ITW Strapping Co. I, S.A. de C.V.	Subsidiary	100.00%	Mexico
ITW Strapping Co. II, S.A. de C.V.	Subsidiary	100.00%	Mexico
ITW Stretch Packaging Systems L.L.C	Subsidiary	100.00%	Delaware
ITW Superannuation Fund 2 Pty. Ltd.	Subsidiary	100.00%	Australia
ITW Superannuation Fund Pty. Ltd.	Subsidiary	100.00%	Australia
ITW Surfaces & Finitions S.A.S	Subsidiary	100.00%	France
ITW Sverige AB	Subsidiary	100.00%	Sweden
ITW Switches Asia Ltd.	Subsidiary	100.00%	Taiwan
ITW Universal L.L.C	Subsidiary	100.00%	Delaware
ITW Welding Products Asia Pacific Pte. Limited	Subsidiary	100.00%	Singapore
ITW Welding Products Group S.A. de C.V.	Subsidiary	100.00%	Mexico
ITW Welding S.A.S	Subsidiary	100.00%	France
ITW-Canguru Rotulos Ltda.	Affiliate	50.00%	Brazil
ITW-Imaden Industria e Comercio Ltda.	Subsidiary	100.00%	Brazil
ITW-Siewer GmbH	Subsidiary	100.00%	Germany
ITW-Siewer Jarmutechnikai Bt	Subsidiary	100.00%	Hungary
ITW-Siewer Vagyonkezelo Kft	Subsidiary	100.00%	Hungary
James Glen Pty. Ltd.	Subsidiary	100.00%	Australia
Japit Inc.	Affiliate	35.80%	Japan
Jemco de Mexico, S.A. de C.V.	Subsidiary	100.00%	Mexico
K & K Welding Products, Inc.	Subsidiary	100.00%	Illinois
Kanto Power Fastening Co., Ltd.	Affiliate	10.74%	Japan
KC Metal Products Pty. Ltd.	Subsidiary	100.00%	Australia
Kema A/S	Subsidiary	100.00%	Denmark
Kinnears Pty. Ltd.	Subsidiary	100.00%	Australia
Kormag Industries e Comercio Ltda.	Affiliate	40.00%	Brazil
Krieger Heisspragefolien GmbH	Subsidiary	100.00%	Germany
Labels & Data Systems (UK) Limited	Subsidiary	100.00%	United Kingdom
Liljendals Bruk AB	Subsidiary	100.00%	Finland
Lombard Pressings Limited	Subsidiary	100.00%	United Kingdom

COMPANY	RELATIONSHIP	PERCENT OWNERSHIP	JURISDICTION
Loveshaw Corporation, The	Subsidiary	100.00%	Delaware
LSPS Inc.	Subsidiary	100.00%	Delaware
Lys Comet S.A.S	Subsidiary	100.00%	France
Lys Fusion Poland Sp. z.o.o	Subsidiary	100.00%	Poland
M.B. Velle Franche	Affiliate	23.10%	France
Magna Industrial Co. Limited	Subsidiary	100.00%	Hong Kong
Main Investment S.A.R.L	Subsidiary	100.00%	France
Manufacturing Avancee S.A.	Subsidiary	100.00%	Morocco
Maquilas y Componentes Industriaies, I S.A. de C.V.	Subsidiary	100.00%	Mexico
Mazel (1980) Limited	Subsidiary	100.00%	United Kingdom
Metales Industrializados, S.A. de C.V.	Affiliate	50.00%	Mexico
Metalflex d.o.o	Subsidiary	100.00%	Slovenia
Miller Electric Mfg. Co.	Subsidiary	100.00%	Wisconsin
Miller Europe s.r.l	Subsidiary	100.00%	Italy
Miller Insurance Ltd.	Subsidiary	100.00%	Bermuda
Mima Films L.L.C	Subsidiary	100.00%	Delaware
Mima Films S.a.r.l	Subsidiary	100.00%	Luxembourg
Mima Films SCA	Subsidiary	100.00%	Belgium
Morgan Polimer Seals, S. de R.L. de C.V.	Subsidiary	75.00%	Mexico
Morgan Polymers Seals, L.L.C	Subsidiary	75.00%	California
Mortgage Ally Inc.	Subsidiary	100.00%	Delaware
Nifco Hi-Cone Leasing Company Limited	Affiliate	40.00%	Japan
Nordic SA	Subsidiary	100.00%	France
Noza Holdings Pty. Ltd.	Subsidiary	100.00%	Australia
Odesign, Inc.	Subsidiary	100.00%	Illinois
Orgapack E.U.R.L	Subsidiary	100.00%	France
Orgapack GmbH	Subsidiary	100.00%	Switzerland
Oy M. Haloila AB	Subsidiary	100.00%	Finland
P.B. Sherman (London) Ltd.	Subsidiary	100.00%	United Kingdom
Packaging Leasing Systems Inc.	Subsidiary	80.00%	Delaware
Pack-Band Hagen GmbH	Subsidiary	65.00%	Germany
PanCon GmbH	Subsidiary	100.00%	Germany
Pennsylvania Pulp & Paper Company (d/b/a International Holographic Paper, Inc.)	Subsidiary	100.00%	Pennsylvania
Permaclad Products Ltd.	Subsidiary	100.00%	Canada
Phillips GSE, Ltd.	Subsidiary	100.00%	United Kingdom
PMI FEG Holland B.V	Subsidiary	100.00%	Netherlands
PMI Food Equipment (Hong Kong) Ltd.	Subsidiary	100.00%	Hong Kong
PMI Food Equipment Group (Malaysia), Inc.	Subsidiary	100.00%	Delaware
PMI Food Equipment Group Europe S.A.	Subsidiary	100.00%	France
PMI Food Equipment Group France S.A.S	Subsidiary	100.00%	France
Polimeros Morgan, S. de R.L. de C.V.	Subsidiary	75.00%	Mexico
Precor Incorporated	Subsidiary	100.00%	Delaware
Precor Products Limited	Subsidiary	100.00%	United Kingdom
Precor Sportgerate G.m.b.H	Subsidiary	100.00%	Germany
Premark Canada Inc.	Subsidiary	100.00%	Canada
Premark Export Sales, Inc.	Subsidiary	100.00%	Barbados

COMPANY	RELATIONSHIP	PERCENT OWNERSHIP	JURISDICTION
Premark FEG Beteiligungsgesellschaft m.b.H	Subsidiary	100.00%	Germany
Premark FEG G.m.b.H. & Co. KG	Subsidiary	100.00%	Germany
Premark FEG L.L.C	Subsidiary	100.00%	Delaware
Premark Finance Limited	Subsidairy	100.00%	United Kingdom
Premark FT Holdings, Inc.	Subsidiary	100.00%	Delaware
Premark HII Holdings, Inc.	Subsidiary	100.00%	Ohio
Premark Holdings	Subsidiary	100.00%	United Kingdom
Premark International Holdings B.V	Subsidiary	100.00%	Netherlands
Premark International, Inc.	Subsidiary	100.00%	Delaware
Premark N.V	Subsidiary	100.00%	Netherland Antilles
Premark RWP Holdings, Inc.	Subsidiary	100.00%	Delaware
Premark WB Holdings, Inc.	Subsidiary	100.00%	Delaware
Pronovia Plus s.r.o	Subsidiary	100.00%	Czech Republic
Pronovia s.r.o	Subsidiary	100.00%	Czech Republic
PT Cyklop Indo Utama	Affiliate	28.50%	Indonesia
Quimica TF, S.A. de C.V.	Subsidiary	100.00%	Mexico
R.H. Phillips & Sons (Engineering) Limited	Affiliate	40.00%	United Kingdom
Ramset (Thailand) Ltd.	Affiliate	49.00%	Thailand
Ramset Fasteners (Aust) Pty. Ltd.	Subsidiary	100.00%	Australia
Ramset Fasteners (Hong Kong) Ltd.	Subsidiary	100.00%	Hong Kong
Ramset Fasteners (Malaysia) Sdn. Berhad	Subsidiary	90.00%	Malaysia
Ramset Fasteners (SE Asia) Pte. Ltd.	Subsidiary	100.00%	Singapore
Ramset Fasteners Ltd.	Subsidiary	100.00%	United Kingdom
Ramset Philippines Inc.	Subsidiary	100.00%	Philippines
Ransburg Industrial Finishing K.K	Subsidiary	100.00%	Japan
Ransburg Manufacturing Corporation	Subsidiary	100.00%	Indiana
Resopal G.m.b.H	Subsidiary	100.00%	Germany
Richard Behrend Nachf, GmbH	Subsidiary	100.00%	Germany
Richmond Systempak Limited	Affiliate	49.25%	Hong Kong
Rivex Ltd.	Subsidiary	100.00%	United Kingdom
Rocol Far East Limited	Subsidiary	100.00%	Hong Kong
Rocol France S.A.	Subsidiary	100.00%	France
Rocol Group Limited	Subsidiary	100.00%	United Kingdom
Rocol Korea Limited	Subsidiary	100.00%	Korea
Rocol Limited	Subsidiary	100.00%	United Kingdom
Rocol Site Safety Systems Limited	Subsidiary	100.00%	United Kingdom
RS Industrie S.A.S	Subsidiary	100.00%	France
S.C. Bourgeois	Affiliate	35.00%	France
Sam Jung Signode Inc.	Subsidiary	70.00%	Korea
Sarsfield N.V	Subsidiary	100.00%	Netherland Antilles
Scanilec B.V	Subsidiary	100.00%	Netherlands
SCI des Baquets	Subsidiary	100.00%	France
SCI Rousseau	Subsidiary	100.00%	France
Scybele S.A.S	Subsidiary	100.00%	France
SEINE Investments EURL	Subsidiary	100.00%	France
SEM & BC S.A.S	Subsidiary	100.00%	France
Servicios de Ingenieria Aguascallentes, S. de R.L. de C.V.	Subsidiary	100.00%	Mexico
Servicios de Reynosa, S.A. de C.V.	Subsidiary	100.00%	Mexico
SG Invest Holdings GmbH	Subsidiary	100.00%	Germany

COMPANY	RELATIONSHIP	PERCENT OWNERSHIP	JURISDICTION
Shanghai ITW Plastic & Metal Company Limited	Subsidiary	93.00%	China
Sherman Allied Products Limited	Subsidiary	100.00%	United Kingdom
Sherman Treaters (North America) Inc.	Subsidiary	100.00%	Canada
Sherman Treaters Holdings Limited	Subsidiary	100.00%	United Kingdom
Sherman Treaters Limited	Subsidiary	100.00%	United Kingdom
Siddons Ramset Holdings Pty. Limited	Subsidiary	100.00%	Australia
Siewer Automotiv s.r.o	Subsidiary	100.00%	Czech Republic
Signode (Thailand) Limited	Subsidiary	100.00%	Thailand
Signode B.V	Subsidiary	100.00%	Netherlands
Signode Bernpak GmbH	Subsidiary	100.00%	Germany
Signode Brasileria S.A.	Subsidiary	60.00%	Brazil
Signode France S.A.S	Subsidiary	100.00%	France
Signode Ireland Limited	Affiliate	50.00%	United Kingdom
Signode Kabushiki Kaisha	Subsidiary	100.00%	Japan
Signode Manufacturing (Thailand) Limited	Subsidiary	100.00%	Thailand
Signode Packaging Systems Limited	Affiliate	20.00%	East Africa
Signode PGP Limited	Subsidiary	100.00%	United Kingdom
Signode Systems GmbH	Subsidiary	100.00%	Germany
Sima Industri A/S	Subsidiary	100.00%	Denmark
Simco (Nederland) B.V	Subsidiary	100.00%	Netherlands
Simco Japan, K.K	Subsidiary	100.00%	Japan
Societe Nouvelle Chevalier DMYR Equipment	Affiliate	23.10%	France
Solutions Group International Ltd.	Subsidiary	100.00%	Bermuda
Solutions Group Transaction Subsidiary Inc.	Subsidiary	100.00%	Delaware
Speedy Products, Inc.	Subsidiary	100.00%	Minnesota
Spes S.A.S	Subsidiary	100.00%	France
Spiroid Inc.	Subsidiary	100.00%	Delaware
SPIT S.A.S. (Societe de Prospection et d'Inventions Techniques S.A.S.)	Subsidiary	100.00%	France
SPL Group Limited	Subsidiary	100.00%	Australia
SRD Sarl (Societe de Rectification et de Decolletage SARL)	Subsidiary	100.00%	France
Stahl, S.A. de C.V.	Affiliate	50.00%	Mexico
Strapex (Canada) Corporation	Subsidiary	100.00%	Nova Scotia
Strapex ApS	Subsidiary	100.00%	Denmark
Strapex Embalagem L.d.a	Subsidiary	100.00%	Portugal
Strapex GmbH	Subsidiary	100.00%	Switzerland
Strapex GmbH	Subsidiary	100.00%	Germany
Strapex GmbH	Subsidiary	100.00%	Austria
Strapex Holding GmbH	Subsidiary	100.00%	Switzerland
Strapex Nederland B.V	Subsidiary	100.00%	Netherlands
Strapex S.A.S	Subsidiary	100.00%	France
Strapex S.p.r.l	Subsidiary	100.00%	Belgium
Strapex s.r.l	Subsidiary	100.00%	Italy
Strapex UK Limited	Subsidiary	100.00%	United Kingdom
Surfmill Ltd.	Subsidiary	100.00%	United Kingdom
Synertech GmbH	Subsidiary	100.00%	Germany
Tamanaco Holding B.V	Subsidiary	100.00%	Netherlands
Ten Plus GmbH	Subsidiary	100.00%	Germany
Ten Plus S.A.S	Subsidiary	100.00%	France

COMPANY	RELATIONSHIP	PERCENT OWNERSHIP	JURISDICTION
Texwipe Philippines, Inc.	Subsidiary	100.00%	Philippines
Texwipe Singapore Pte. Ltd.	Subsidiary	100.00%	Singapore
Thermal Media Transfer Limited	Subsidiary	100.00%	United Kingdom
Thimaix S.A.S	Subsidiary	100.00%	France
Tien Tai Eletrode Co., Ltd.	Affiliate	40.00%	Taiwan
Toolmatic B.V	Subsidiary	100.00%	Netherlands
Toolmatic B.V.B.A	Subsidiary	100.00%	Belgium
Transoliw Ltd.	Subsidiary	100.00%	United Kingdom
Trilectron Europe, Limited	Subsidiary	100.00%	United Kingdom
Triumph Financing E.U.R.L	Subsidiary	100.00%	France
Unipac Corporation	Subsidiary	100.00%	Canada
Unipac Limited	Subsidiary	100.00%	United Kingdom
Unipac, Inc.	Subsidiary	100.00%	Delaware
Val' Outillage S.A.S	Subsidiary	100.00%	France
Valeron Holdings, Inc.	Subsidiary	100.00%	Delaware
Valeron Inc.	Subsidiary	100.00%	Delaware
Valeron Strength Films L.P.	Subsidiary	100.00%	Texas
Valeron Strength Films N.V	Subsidiary	100.00%	Belgium
Valeron Strength Films UK Limited	Subsidiary	100.00%	United Kingdom
Veneta Decalcogomme s.r.l	Subsidiary	100.00%	Italy
Victor Ridder GmbH & Co. KG	Subsidiary	100.00%	Germany
Wavebest Limited	Subsidiary	100.00%	United Kingdom
Welding Industries Ltd.	Subsidiary	100.00%	Australia
West Bend Company, The	Subsidiary	100.00%	Delaware
West Bend de Mexico S.A. de C.V.	Subsidiary	100.00%	Mexico
Wilsonart (Shanghai) Co. Ltd.	Subsidiary	100.00%	China
Wilsonart (Thailand) Co. Ltd.	Subsidiary	75.00%	Thailand
Wilsonart Holdings Limited	Subsidiary	100.00%	United Kingdom
Wilsonart Hong Kong Ltd.	Subsidiary	100.00%	Hong Kong
Wilsonart International Holdings, Inc.	Subsidiary	100.00%	Delaware
Wilsonart International, Inc.	Subsidiary	100.00%	Delaware
Wilsonart Korea Ltd.	Subsidiary	100.00%	Korea
Wilsonart Ltd.	Subsidiary	100.00%	United Kingdom
Wilsonart Singapore Pte. Ltd.	Subsidiary	100.00%	Singapore
Wilsonart South Africa (Pty.) Ltd.	Subsidiary	100.00%	South Africa
Wilsonart Taiwan Corp. Ltd.	Subsidiary	100.00%	Taiwan
Wolf Catering Equipment (U.K.) Ltd.	Subsidiary	100.00%	United Kingdom

UNITED STATES SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-K

(Mark One)

[X] ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended December 31, 2000

OR

[ ] TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from _____ to _____

Commission file number 1-4797

ILLINOIS TOOL WORKS INC.

(Exact Name of Registrant as Specified in its Charter)

Delaware (State or Other Jurisdiction of Incorporation or Organization)	**36-1258310** (I.R.S. Employer Identification No.)
3600 W. Lake Avenue, Glenview, Illinois (Address of Principal Executive Offices)	**60025-5811** (Zip Code)

Registrant's telephone number, including area code: **(847) 724-7500**

Securities registered pursuant to Section 12(b) of the Act:

Title of Each Class	Name of Each Exchange on Which Registered
Common Stock	New York Stock Exchange Chicago Stock Exchange

Securities registered pursuant to Section 12(g) of the Act: None

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes X No ___

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. [X]

The aggregate market value of the voting stock held by non-affiliates of the registrant as of January 31, 2001, was approximately $15,100,000,000.

Shares of Common Stock outstanding at January 31, 2001 — 303,001,668.

Documents Incorporated by Reference

2000 Annual Report to Stockholders ..... Parts I, II, IV

Proxy Statement dated March 21, 2001, for Annual Meeting of Stockholders to be held on May 11, 2001 ..... Part III

PART I

ITEM 1. *Business*

General

Illinois Tool Works Inc. (the "Company" or "ITW") was founded in 1912 and incorporated in 1915. The Company manufactures and markets a variety of products and systems that provide specific, problem-solving solutions for a diverse customer base worldwide. The Company has approximately 600 operations in 43 countries.

The Company's business units are divided into six segments: Engineered Products-North America, Engineered Products-International, Specialty Systems-North America, Specialty Systems-International, Consumer Products, and Leasing and Investments. Businesses in the Engineered Products-North America segment are located in North America and manufacture short lead-time plastic and metal components and fasteners, and specialty products such as polymers, fluid products, and resealable packaging. Businesses in the Engineered Products-International segment are located outside North America and manufacture short lead-time plastic and metal components and fasteners, and specialty products such as polymers, fluid products and electronic component packaging. Businesses in the Specialty Systems-North America segment are located in North America and produce longer lead-time machinery and related consumables, and specialty equipment for applications such as food service and industrial finishing. Businesses in the Specialty Systems-International segment are located outside North America and manufacture longer lead-time machinery and related consumables, and specialty equipment for food service and industrial finishing. Businesses in the Consumer Products segment are located primarily in North America and manufacture specialty exercise equipment, small electric appliances, cookware and ceramic tile. The Leasing and Investment segment makes opportunistic investments in mortgage-related assets, leveraged and direct financing leases of equipment, properties and property developments, and affordable housing.

On November 23, 1999, a wholly owned subsidiary of ITW merged with Premark International, Inc. ("Premark"), a commercial manufacturer of food equipment and laminate products. Shareholders of Premark received .8081 shares of ITW common stock in exchange for each share of Premark common stock outstanding. A total of 49,781,665 of ITW common shares were issued to the former Premark shareholders in connection with the merger. The merger was accounted for under the pooling-of-interests accounting method and accordingly, ITW's historical financial statements for periods prior to the merger have been restated to include the results of operations, financial position and cash flows of Premark, as though the companies had been combined during such periods.

During the five-year period ending December 31, 2000, the Company acquired and disposed of numerous other operations which did not materially impact consolidated results.

Current Year Developments

Refer to pages 21 through 26, Management's Discussion and Analysis, in the Company's 2000 Annual Report to Stockholders.

Financial Information about Segments and Markets

Segment and geographic data are included on pages 21 through 23 and 42 through 44 of the Company's 2000 Annual Report to Stockholders.

The principal markets served by the Company's five manufacturing segments are as follows:

	% of 2000 Operating Revenues by Manufacturing Segment				
End Markets Served	Engineered Products-North America	Engineered Products-International	Specialty Systems-North America	Specialty Systems-International	Consumer Products
Construction	47%	31%	9%	7%	31%
Automotive	26	32	6	3	—
General Industrial	12	15	20	25	—
Food Retail and Service	—	—	33	26	—
Consumer Durables	6	9	2	3	68
Electronics	3	8	2	2	—
Food and Beverage	2	1	8	9	—
Industrial Capital Goods	1	1	5	6	—
Paper Products	—	—	4	5	—
Other	3	3	11	14	1
	100%	100%	100%	100%	100%

Operating results of the segments are described on pages 21 through 23 and 42 through 44 of the Company's 2000 Annual Report to Stockholders.

Most of the Company's businesses distribute their products directly to industrial manufacturers and through independent distributors.

Backlog

Backlog generally is not considered a significant factor in the Company's businesses as relatively short delivery periods and rapid inventory turnover are characteristic of most of its products.

Backlog by manufacturing segment as of December 31, 2000 and 1999 is summarized as follows:

	Backlog in Thousands of Dollars					
	Engineered Products-North America	Engineered Products-International	Specialty Systems-North America	Specialty Systems-International	Consumer Products	Total
2000	$315,000	$145,000	$252,000	$139,000	$16,000	$867,000
1999	$257,000	$125,000	$196,000	$136,000	—	$714,000

Backlog orders scheduled for shipment beyond calendar year 2001 were not material in any manufacturing segment as of December 31, 2000.

The information set forth below is applicable to all industry segments of the Company unless otherwise noted:

Competition

The Company's global competitive environment is complex because of the wide diversity of products the Company manufactures and the markets it serves. Depending on the product or market, the Company may compete with a few other companies or with many others, some of which may be the Company's own licensees.

The Company is a leading producer of plastic, metal and laminate components and fasteners; polymers and fluid products; tooling for specialty applications; welding products; packaging machinery and related consumables; food service equipment; and industrial finishing equipment.

Raw Materials

The Company uses raw materials of various types, primarily metals and plastics that are available from numerous commercial sources. The availability of materials and energy has not resulted in any significant business interruptions or other major problems, nor are any such problems anticipated.

Research and Development

The Company's growth has resulted from developing new and improved products, broadening the application of established products, continuing efforts to improve and develop new methods, processes and equipment, and from acquisitions. Many new products are designed to reduce customers' costs by eliminating steps in their manufacturing processes, reducing the number of parts in an assembly, or by improving the quality of customers' assembled products. Typically, the development of such products is accomplished by working closely with customers on specific applications. Identifiable research and development costs are set forth on page 31 of the Company's 2000 Annual Report to Stockholders.

The Company owns approximately 2,805 unexpired United States patents covering articles, methods and machines. Many counterparts of these patents have also been obtained in various foreign countries. In addition, the Company has approximately 975 applications for patents pending in the United States Patent Office, but there is no assurance that any patent will be issued. The Company maintains an active patent department for the administration of patents and processing of patent applications.

The Company believes that many of its patents are valuable and important. Nevertheless, the Company credits its leadership in the markets it serves to engineering capability; manufacturing techniques, skills and efficiency; marketing and sales promotion; and service and delivery of quality products to its customers.

Trademarks

Many of the Company's products are sold under various trademarks owned or licensed by the Company. Among the most significant are: ITW, Apex, Buildex, Corex, Deltar, Devcon, DeVilbiss, Fastex, Hi-Cone, Hobart, Keps, Magnaflux, Miller, Minigrip, Paktron, Paslode, Precor, Ramset, Ransburg, Red Head, Shakeproof, Signode, Stero, Teks, Tempil, Tenax, Tri-Mark, Vulcan, West Bend, Wilsonart, and Zip-Pak.

Environmental

The Company believes that its plants and equipment are in substantial compliance with applicable environmental regulations. Additional measures to maintain compliance are not expected to materially affect the Company's capital expenditures, competitive position, financial position or results of operations.

Various legislative and administrative regulations concerning environmental issues have become effective or are under consideration in many parts of the world relating to manufacturing processes, and the sale or use of certain products. To date, such developments have not had a substantial adverse impact on the Company's sales or earnings. The Company has made considerable efforts to develop and sell environmentally compatible products resulting in new and expanding marketing opportunities.

Employees

The Company employed approximately 55,300 persons as of December 31, 2000 and considers its employee relations to be excellent.

International

The Company's international operations include subsidiaries, joint ventures and licensees in 42 countries on six continents. These operations serve such markets as construction, automotive, food retail and service, general industrial, and others on a worldwide basis. The Company's international operations contributed approximately 35% of operating revenues in 2000 and 34% in 1999.

Refer to pages 21 through 26 and 42 through 44 in the Company's 2000 Annual Report to Stockholders for additional information on international activities. International operations are subject to certain risks inherent in conducting business in foreign countries, including price controls, exchange controls, limitations on participation in local enterprises, nationalization, expropriation and other governmental action, and changes in currency exchange rates.

Forward-looking Statements

Refer to page 26 of the Company's 2000 Annual Report to Stockholders for information on the risks associated with forward-looking statements within this document.

Executive Officers

Executive Officers of the Company as of March 2, 2001:

Name	Office	Age
W. James Farrell	Chairman and Chief Executive Officer	58
Russell M. Flaum	Executive Vice President	50
David T. Flood	Executive Vice President	49
Philip M. Gresh, Jr.	Executive Vice President	52
Thomas J. Hansen	Executive Vice President	52
Stewart S. Hudnut	Senior Vice President, General Counsel and Secretary	61
John Karpan	Senior Vice President, Human Resources	60
Jon C. Kinney	Senior Vice President and Chief Financial Officer	58
Dennis J. Martin	Executive Vice President	50
Frank S. Ptak	Vice Chairman	57
James M. Ringler	Vice Chairman	55
Harold B. Smith	Chairman of the Executive Committee	67
David B. Speer	Executive Vice President	49
Allan C. Sutherland	Senior Vice President	37
Hugh J. Zentmeyer	Executive Vice President	54

The executive officers of the Company serve at the pleasure of the Board of Directors. Except for Messrs. Flood, Gresh, Hansen, Martin, Ringler, and Sutherland, each of the foregoing officers has been employed by the Company in various elected executive capacities for more than five years. Mr. Flood was elected Executive Vice President in 2000. He joined the Company in 1976 and has held various management positions within the polymers, fluids and machined components businesses. Mr. Gresh was elected Executive Vice President in 2000. He joined the Company in 1989 and has held various sales, marketing and general management positions with the consumer packaging businesses. Mr. Hansen was elected Executive Vice President in 1998. He joined the Company in 1980 and has held various management positions within the Company's automotive metal fasteners and components businesses. Mr. Martin was elected Executive Vice President in 1996. He joined the Company in 1991 and has held several management positions in the welding businesses. Mr. Ringler was elected Vice Chairman in 1999. He joined Premark International in 1990 where he served as President and Chief Operating Officer until May 1996. He served as Premark International's Chief Executive Officer and President from May 1996 to October 1997, after which he served as Chairman of the Board, Chief Executive Officer and President until Premark International's merger with the Company in November 1999. Mr. Sutherland was elected Senior Vice President in 1998. He joined the Company in 1993 after serving as a senior tax manager with Ernst & Young and has served the Company in various capacities, most recently as Vice President of Leasing and Investments.

ITEM 2. ***Properties***

As of December 31, 2000 the Company operated the following plants and office facilities, excluding regional sales offices and warehouse facilities:

	Number of Properties	Floor Space		
		Owned	Leased	Total
		(In millions of square feet)		
Engineered Products — North America	143	7.3	3.8	11.1
Engineered Products — International	106	5.5	2.0	7.5
Specialty Systems — North America	153	8.3	2.8	11.1
Specialty Systems — International	108	7.1	2.1	9.2
Consumer Products	11	3.0	0.4	3.4
Leasing and Investments	19	0.7	0.3	1.0
Corporate	4	1.2	—	1.2
	544	33.1	11.4	44.5

The principal plants outside of the U.S. are in Australia, Belgium, Brazil, Canada, Denmark, France, Germany, Italy, Korea, Mexico, Spain, Switzerland and the United Kingdom.

The Company's properties are primarily of steel, brick or concrete construction and are maintained in good operating condition. Productive capacity, in general, currently exceeds operating levels. Capacity levels are somewhat flexible based on the number of shifts operated and on the number of overtime hours worked. The Company adds productive capacity from time to time as required by increased demand. Additions to capacity can be made within a reasonable period of time due to the nature of the businesses.

ITEM 3. ***Legal Proceedings***

Not applicable.

ITEM 4. ***Submission of Matters to a Vote of Security Holders***

Not applicable.

PART II

ITEM 5. ***Market for the Registrant's Common Equity and Related Stockholder Matters***

This information is incorporated by reference to page 45 of the Company's 2000 Annual Report to Stockholders.

ITEM 6. ***Selected Financial Data***

This information is incorporated by reference to page 46 and 47 of the Company's 2000 Annual Report to Stockholders.

ITEM 7. ***Management's Discussion and Analysis of Financial Condition and Results of Operations***

This information is incorporated by reference to pages 21 through 26 of the Company's 2000 Annual Report to Stockholders.

ITEM 7A. ***Quantitative and Qualitative Disclosures about Market Risk***

This information is incorporated by reference to pages 25 and 26 of the Company's 2000 Annual Report to Stockholders.

ITEM 8. ***Financial Statements and Supplementary Data***

The financial statements and report thereon of Arthur Andersen LLP dated January 29, 2001, as found on pages 27 through 44 and the supplementary data found on page 45 of the Company's 2000 Annual Report to Stockholders, are incorporated by reference.

The report of Ernst & Young LLP dated January 24, 2000 on the financial statements of Premark International, Inc. is included as Exhibit 13(b).

ITEM 9. ***Changes in and Disagreements with Accountants on Accounting and Financial Disclosure***

Not applicable.

PART III

ITEM 10. ***Directors and Executive Officers of the Company***

Information regarding the Directors of the Company is incorporated by reference to the information under the caption "Election of Directors" in the Company's Proxy Statement for the 2001 Annual Meeting of Stockholders.

Information regarding the Executive Officers of the Company can be found in Part I of this Annual Report on Form 10-K on page 4.

Information regarding compliance with Section 16(a) of the Exchange Act is incorporated by reference to the information under the caption "Section 16(a) Beneficial Ownership Reporting Compliance" in the Company's Proxy Statement for the 2001 Annual Meeting of Stockholders.

ITEM 11. ***Executive Compensation***

This information is incorporated by reference to the information under the caption "Executive Compensation" and "Director Compensation" in the Company's Proxy Statement for the 2001 Annual Meeting of Stockholders.

ITEM 12. ***Security Ownership of Certain Beneficial Owners and Management***

This information is incorporated by reference to the information under the caption "Ownership of ITW Stock" in the Company's Proxy Statement for the 2001 Annual Meeting of Stockholders.

ITEM 13. ***Certain Relationships and Related Transactions***

Additional information is incorporated by reference to the information under the captions "Director Compensation" and "Executive Compensation" in the Company's Proxy Statement for the 2001 Annual Meeting of Stockholders.

PART IV

ITEM 14. ***Exhibits, Financial Statement Schedules, and Reports on Form 8-K***

(a)(1) Financial Statements

The financial statements and report thereon of Arthur Andersen LLP dated January 29, 2001 as found on pages 27 through 44 and the supplementary data found on page 45 of the Company's 2000 Annual Report to Stockholders, are incorporated by reference.

The report of Ernst & Young LLP dated January 24, 2000 on the financial statements of Premark International, Inc. is included as Exhibit 13(b).

(2) Exhibits

(i) See the Exhibit Index on pages 9 and 10 of this Form 10-K.

(ii) Pursuant to Regulation S-K, Item 601(b)(4)(iii), the Company has not filed with Exhibit 4 any debt instruments for which the total amount of securities authorized thereunder are less than 10% of the total assets of the Company and its subsidiaries on a consolidated basis as of December 31, 2000, with the exception of the agreements related to the 5¾% and 6⅞% Notes, which are filed with Exhibit 4. The Company agrees to furnish a copy of the agreements related to the debt instruments which have not been filed with Exhibit 4 to the Securities and Exchange Commission upon request.

(b) Reports on Form 8-K

No reports on Form 8-K have been filed during the three months ended December 31, 2000.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized on this 20th day of March 2001.

ILLINOIS TOOL WORKS INC.

By /s/ W. JAMES FARRELL
W. James Farrell
Chairman and Chief Executive Officer

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed by the following persons on behalf of the registrant and in the capacities indicated on this 20th day of March 2001.

Signatures	Title
/s/ W. JAMES FARRELL W. James Farrell	Director, Chairman and Chief Executive Officer, (Principal Executive Officer)
/s/ JON C. KINNEY Jon C. Kinney	Senior Vice President and Chief Financial Officer, (Principal Accounting and Financial Officer)
WILLIAM F. ALDINGER III	Director
MICHAEL J. BIRCK	Director
MARVIN D. BRAILSFORD	Director
H. RICHARD CROWTHER	Director
DON H. DAVIS, JR.	Director
ROBERT C. MCCORMACK	Director
HAROLD B. SMITH	Director

By /s/ W. JAMES FARRELL
(W. James Farrell,
as Attorney-in-Fact)

Original powers of attorney authorizing W. James Farrell to sign this Annual Report on Form 10-K and amendments thereto on behalf of the above-named directors of the registrant have been filed with the Securities and Exchange Commission as part of this Annual Report on Form 10-K (Exhibit 24).

EXHIBIT INDEX

ANNUAL REPORT on FORM 10-K
2000

Exhibit Number	Description
3(a)	— Restated Certificate of Incorporation of Illinois Tool Works Inc., as amended, filed as Exhibit 3(a) to the Company's Quarterly Report on Form 10-Q for the quarterly period ended March 31, 1997 (Commission File No. 1-4797) and incorporated herein by reference.
3(b)	— By-laws of Illinois Tool Works Inc., as amended.
4(a)	— Indenture, dated as of November 1, 1986, between Illinois Tool Works Inc. and The First National Bank of Chicago, as Trustee, filed as Exhibit 4 to the Company's Registration Statement on Form S-3 (Registration Statement No. 33-5780) filed with the Securities and Exchange Commission on May 14, 1986 and incorporated herein by reference.
4(b)	— First Supplemental Indenture, dated as of May 1, 1990 between Illinois Tool Works Inc. and Harris Trust and Savings Bank, as Trustee, filed as Exhibit 4-3 to the Company's Post-Effective Amendment No. 1 to Registration Statement on Form S-3 (Registration No. 33-5780) filed with the Securities and Exchange Commission on May 8, 1990 and incorporated herein by reference.
4(c)	— Form of 5¾% Notes due March 1, 2009, filed as Exhibit 4 to the Company's Current Report on Form 8-K dated February 24, 1999 and incorporated herein by reference.
4(d)	— Form of Indenture (Revised) in connection with Premark International, Inc.'s Form S-3 Registration Statement No. 33-35137 and Form S-3 Registration Statement No. 333-62105 (Exhibit 4.2 to the Premark International, Inc.'s Annual Report on Form 10-K for the year ended December 28, 1996.)
10(a)	— Illinois Tool Works Inc. 1996 Stock Incentive Plan dated February 16, 1996, as amended on December 12, 1997 and October 29, 1999, filed as Exhibit 10(a) to the Company's Quarterly Report on Form 10-Q for the quarterly period ended September 30, 1999 (Commission File No. 1-4797) and incorporated herein by reference.
10(b)	— Illinois Tool Works Inc. 1982 Executive Contributory Retirement Income Plan adopted December 13, 1982, filed as Exhibit 10(c) to the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 1990 (Commission File No. 1-4797) and incorporated herein by reference.
10(c)	— Illinois Tool Works Inc. 1985 Executive Contributory Retirement Income Plan adopted December 1985, filed as Exhibit 10(d) to the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 1990 (Commission File No. 1-4797) and incorporated herein by reference.
10(d)	— Amendment to the Illinois Tool Works Inc. 1985 Executive Contributory Retirement Income Plan dated May 1, 1996, filed as Exhibit 10(c) to the Company's Quarterly Report on Form 10-Q for the quarterly period ended June 30, 1996 (Commission File No. 1-4797) and incorporated herein by reference.
10(e)	— Illinois Tool Works Inc. Executive Incentive Plan adopted February 16, 1996, filed as Exhibit 10(a) to the Company's Quarterly Report on Form 10-Q for the quarterly period ended June 30, 1996 (Commission File No. 1-4797) and incorporated herein by reference.
10(f)	— Supplemental Plan for Employees of Illinois Tool Works Inc., effective January 1, 1989, filed as Exhibit 10(d) to the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 1989 (Commission File No. 1-4797) and incorporated herein by reference.
10(g)	— Illinois Tool Works Inc. Non-officer directors' restricted stock program adopted December 15, 2000.

Exhibit Number	Description
10(h)	— Illinois Tool Works Inc. Outside Directors' Deferred Fee Plan dated December 12, 1980, filed as Exhibit 10(h) to the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 1997 (Commission File No. 1-4797) and incorporated herein by reference.
10(i)	— Illinois Tool Works Inc. Phantom Stock Plan for Non-officer Directors, filed as Exhibit 10(e) to the Company's Quarterly Report on Form 10-Q for the quarterly period ended June 30, 1996 (Commission File No. 1-4797) and incorporated herein by reference.
10(j)	— Illinois Tool Works Inc. Executive Contributory Retirement Income Plan effective January 1, 1999, filed as Exhibit 10(k) to the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 1998 (Commission File No. 1-4797) and incorporated herein by reference.
10(k)	— Underwriting Agreement dated February 19, 1999, related to the 5¾% Notes due March 1, 2009, filed as Exhibit 1 to the Company's Current Report on Form 8-K dated February 24, 1999 and incorporated herein by reference.
10(l)	— Illinois Tool Works Inc. Non-officer Directors' Fee Conversion Plan adopted February 19, 1999, as amended December 15, 2000.
10(m)	— Premark International, Inc. 1994 Incentive Plan, as amended and restated effective May 5, 1999, filed as Exhibit 10.14 to the Company's Registration Statement on Form S-4 (Registration Statement No. 333-88801) filed with the Securities and Exchange Commission on October 12, 1999 and incorporated herein by reference.
10(n)	— Premark International, Inc. Supplemental Plan, as amended and restated effective January 1, 1999, filed as Exhibit 10.15 to the Company's Registration Statement on Form S-4 (Registration Statement No. 333-88801) filed with the Securities and Exchange Commission on October 12, 1999 and incorporated herein by reference.
10(o)	— Letter of Understanding dated November 11, 1999, by and between James M. Ringler and Illinois Tool Works Inc. filed as Exhibit 10.1 to the Company's Current Report on Form 8-K dated November 11, 1999 (Commission File No. 1-4797) and incorporated herein by reference.
10(p)	— Executive Noncompetition Agreement dated November 11, 1999, by and between James M. Ringler and Illinois Tool Works Inc. filed as Exhibit 10.2 to the Company's Current Report on Form 8-K dated November 11, 1999 (Commission File No. 1-4797) and incorporated herein by reference.
10(q)	— Agreement and Plan of Merger dated as of September 9, 1999 among Premark International, Inc., Illinois Tool Works Inc. and CS Merger Sub Inc., filed as Annex A to the Company's Registration Statement on Form S-4 (Registration Statement No. 333-88801) filed with the Securities and Exchange Commission on October 12, 1999 and incorporated herein by reference.
13(a)	— The Company's 2000 Annual Report to Stockholders, pages 21 — 47.
13(b)	— Report of Ernst & Young LLP.
21	— Subsidiaries and Affiliates of the Company.
23(a)	— Consent of Arthur Andersen LLP.
23(b)	— Consent of Ernst & Young LLP.
24	— Powers of Attorney.
99	— Description of the capital stock of Illinois Tool Works Inc., filed as Exhibit 99 to the Company's Quarterly Report of Form 10-Q for the quarterly period ended March 31, 1997 (Commission File No. 1-4797) and incorporated herein by reference.

Copies of such exhibits will be furnished to stockholders of the Company upon written request addressed to the Secretary of the Company at the address given on the cover of this Form 10-K. The charge for copies of the exhibits is twenty-five cents per page.

ITW

This statement has been printed on recycled paper.

UNITED STATES SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-K

[X] **ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the fiscal year ended December 31, 2001

OR

[ ] **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from _____ to_____

Commission file number 1-4797

ILLINOIS TOOL WORKS INC.
(Exact Name of Registrant as Specified in its Charter)

Delaware (State or Other Jurisdiction of Incorporation or Organization)	**36-1258310** (I.R.S. Employer Identification No.)
3600 W. Lake Avenue, Glenview, Illinois (Address of Principal Executive Offices)	**60025-5811** (Zip Code)

Registrant's telephone number, including area code: **(847) 724-7500**

Securities registered pursuant to Section 12(b) of the Act:

Title of Each Class	Name of Each Exchange on Which Registered
Common Stock	New York Stock Exchange Chicago Stock Exchange

Securities registered pursuant to Section 12(g) of the Act: None

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes X No ___

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. [X]

The aggregate market value of the voting stock held by non-affiliates of the registrant as of March 12, 2002, was approximately $18,600,000,000.

Shares of Common Stock outstanding at March 12, 2002 — 305,895,308.

Documents Incorporated by Reference

2001 Annual Report to Stockholders	Parts I, II, IV
Proxy Statement dated March 21, 2002 for Annual Meeting of Stockholders to be held on May 10, 2002	Part III

PART I

ITEM 1. *Business*

General

Illinois Tool Works Inc. (the "Company" or "ITW") was founded in 1912 and incorporated in 1915. The Company is a worldwide manufacturer of highly engineered products and specialty systems.

The Company has approximately 600 operations in 43 countries which are aggregated and organized for internal reporting purposes into the following five continuing segments:

Engineered Products — North America: Businesses that are located in North America and the manufacture short lead-time plastic and metal components and fasteners, and specialty products such as polymers, fluid products and resealable packaging.

Engineered Products — International: Businesses that are located outside North America and that manufacture short lead-time plastic and metal components and fasteners, and specialty products such as polymers, fluid products and electronic component packaging.

Specialty Systems — North America: Businesses that are located in North America and that produce longer lead-time machinery and related consumables, and specialty equipment for applications such as food service and industrial finishing.

Specialty Systems — International: Businesses that are located outside North America and that manufacture longer lead-time machinery and related consumables, and specialty equipment for applications such as food service and industrial finishing.

Leasing & Investments: Businesses that make opportunistic investments in mortgage-related assets, leveraged and direct financing leases of aircraft and other equipment, properties and property developments, affordable housing and a venture capital fund.

In November 1999, a wholly owned subsidiary of ITW merged with Premark International, Inc. ("Premark"), a commercial manufacturer of food equipment and laminate products. Shareholders of Premark received .8081 shares of ITW common stock in exchange for each share of Premark common stock outstanding. A total of 49,781,665 of ITW common shares were issued to the former Premark shareholders in connection with the merger.

The merger was accounted for under the pooling-of-interests accounting method. Accordingly, ITW's historical financial statements for periods prior to the merger have been restated to include the results of operations, financial position and cash flows of Premark as though the companies had been combined during such periods.

In December 2001, the Company's Board of Directors authorized the divestiture of the Consumer Products segment. These businesses became part of ITW in 1999 with the Premark merger. The segment is comprised of the following businesses: Precor specialty exercise equipment, West Bend appliances and premium cookware, and Florida Tile ceramic tile. The Company's consolidated financial statements have been restated for all periods to present these businesses as discontinued operations in accordance with Accounting Principles Board Opinion No. 30. The Company intends to divest these businesses through sale transactions in 2002 and does not expect to incur a loss on their disposal.

During the five-year period ending December 31, 2001, the Company acquired and disposed of numerous other operations which did not materially impact consolidated results.

Current Year Developments

Refer to pages 25 through 33, Management's Discussion and Analysis, in the Company's 2001 Annual Report to Stockholders.

Financial Information about Segments and Markets

Segment and geographic data are included on pages 25 through 29 and 51 through 52 of the Company's 2001 Annual Report to Stockholders.

The principal markets served by the Company's four continuing manufacturing segments are as follows:

	% of 2001 Operating Revenues by Manufacturing Segment			
End Markets Served	Engineered Products-North America	Engineered Products-International	Specialty Systems-North America	Specialty Systems-International
Construction	47%	36%	10%	4%
Automotive	29	32	5	3
General Industrial	8	16	22	27
Food Retail and Service	—	—	31	22
Consumer Durables	5	6	3	2
Electronics	4	5	1	1
Food and Beverage	2	1	8	13
Industrial Capital Goods	2	1	6	6
Paper Products	—	—	4	4
Other	3	3	10	18
	100%	100%	100%	100%

Operating results of the segments are described on pages 25 through 29 and 51 through 52 of the Company's 2001 Annual Report to Stockholders.

The Company's manufacturing businesses distribute their products directly to industrial manufacturers and through independent distributors.

Backlog

Backlog generally is not considered a significant factor in the Company's businesses as relatively short delivery periods and rapid inventory turnover are characteristic of most of its products. Backlog by continuing manufacturing segment as of December 31, 2001 and 2000 is summarized as follows:

	Backlog in Thousands of Dollars				
	Engineered Products-North America	Engineered Products-International	Specialty Systems-North America	Specialty Systems-International	Total
2001	$250,000	$148,000	$212,000	$121,000	$731,000
2000	$315,000	$145,000	$250,000	$139,000	$849,000

Backlog orders scheduled for shipment beyond calendar year 2002 were not material in any manufacturing segment as of December 31, 2001.

The information set forth below is applicable to all industry segments of the Company unless otherwise noted:

Competition

The Company's global competitive environment is complex because of the wide diversity of products the Company manufactures and the many markets it serves. Depending on the product or market, the Company may compete with a few other companies or with many others.

The Company is a leading producer of plastic, metal and laminate components and fasteners; polymers and fluid products; tooling for specialty applications; welding products; packaging machinery and related consumables; food service equipment; and industrial finishing equipment.

Raw Materials

The Company uses raw materials of various types, primarily metals, plastics and paper that are available from numerous commercial sources. The availability of materials and energy has not resulted in any significant business interruptions or other major problems, nor are any such problems anticipated.

Research and Development

The Company's growth has resulted from developing new and improved products, broadening the application of established products, continuing efforts to improve and develop new methods, processes and equipment, and from acquisitions. Many new products are designed to reduce customers' costs by eliminating steps in their manufacturing processes, reducing the number of parts in an assembly, or by improving the quality of customers' assembled products. Typically, the development of such products is accomplished by working closely with customers on specific applications. Identifiable research and development costs are set forth on page 39 of the Company's 2001 Annual Report to Stockholders.

The Company owns approximately 3,000 unexpired United States patents covering articles, methods and machines. Many counterparts of these patents have also been obtained in various foreign countries. In addition, the Company has approximately 1,200 applications for patents pending in the United States Patent Office, but there is no assurance that any patent will be issued. The Company maintains an active patent department for the administration of patents and processing of patent applications.

The Company believes that many of its patents are valuable and important. Nevertheless, the Company credits its leadership in the markets it serves to engineering capability; manufacturing techniques, skills and efficiency; marketing and sales promotion; and service and delivery of quality products to its customers.

Trademarks

Many of the Company's products are sold under various trademarks owned or licensed by the Company. Among the most significant are: ITW, Apex, Bernard, Buildex, Chemtronics, Corex, Deltar, Devcon, DeVilbiss, Dymon, Dynatec, Fastex, Foster, Hi-Cone, Hobart, Keps, LPS, Magna, Magnaflux, Miller, Mima, Minigrip, Paktron, Paslode, Precor, Ramset, Ransburg, Red Head, Rocol, Shakeproof, Signode, Stero, Teks, Tempil, Tenax, Texwipe, Traulsen, Tri-Mark, Vulcan, West Bend, Wilsonart, and Zip-Pak.

Environmental

The Company believes that its plants and equipment are in substantial compliance with applicable environmental regulations. Additional measures to maintain compliance are not expected to materially affect the Company's capital expenditures, competitive position, financial position or results of operations.

Various legislative and administrative regulations concerning environmental issues have become effective or are under consideration in many parts of the world relating to manufacturing processes, and the sale or use of certain products. To date, such developments have not had a substantial adverse impact on the Company's sales or earnings. The Company has made considerable efforts to develop and sell environmentally compatible products resulting in new and expanding marketing opportunities.

Employees

The Company employed approximately 52,000 persons as of December 31, 2001 and considers its employee relations to be excellent.

International

The Company's international operations include subsidiaries, joint ventures and licensees in 42 countries on six continents. These operations serve such markets as construction, automotive, food retail and service, general industrial, and others on a worldwide basis. The Company's international operations contributed approximately 37% of operating revenues in 2001 and 36% in 2000.

Refer to pages 25 through 33 and 51 through 52 in the Company's 2001 Annual Report to Stockholders for additional information on international activities. International operations are subject to certain risks inherent in conducting business in foreign countries, including price controls, exchange controls, limitations on participation in local enterprises, nationalization, expropriation and other governmental action, and changes in currency exchange rates.

Forward-looking Statements

This Annual Report on Form 10-K contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995 including, without limitation, statements regarding the availability of raw materials and energy, the cost of compliance with environmental regulations, adequacy of internally generated funds, the recoverability of the Company's investment in mortgage-related assets, the meeting of dividend payout objectives, the profitable divestiture of the Consumer Products segment in 2002, Premark's target operating margins, the availability of additional financing and the Company's 2002 forecasts. These statements are subject to certain risks, uncertainties, and other factors, which could cause actual results to differ materially from those anticipated, including, without limitation, the risks described herein. Important factors that may influence future results include (1) a further downturn in the construction, automotive, general industrial, food retail and service, or real estate markets, (2) further deterioration in global and domestic business and economic conditions, particularly in North America, Europe and Australia, (3) an interruption in, or reduction in, introducing new products into the Company's product line, (4) an unfavorable environment for making acquisitions or dispositions, domestic and international, including adverse accounting or regulatory requirements and market value of candidates, and (5) uncertainties arising from the aftermath of the September 11th tragedy.

Executive Officers

Executive Officers of the Company as of March 15, 2002:

Name	Office	Age
W. James Farrell	Chairman and Chief Executive Officer	59
Russell M. Flaum	Executive Vice President	51
David T. Flood	Executive Vice President	50
Philip M. Gresh, Jr.	Executive Vice President	53
Thomas J. Hansen	Executive Vice President	53
Stewart S. Hudnut	Senior Vice President, General Counsel and Secretary	62
John Karpan	Senior Vice President, Human Resources	61
Jon C. Kinney	Senior Vice President and Chief Financial Officer	59
Frank S. Ptak	Vice Chairman	58
James M. Ringler	Vice Chairman	56
Harold B. Smith	Chairman of the Executive Committee	68
David B. Speer	Executive Vice President	50
Allan C. Sutherland	Senior Vice President, Leasing and Investments	38
Hugh J. Zentmeyer	Executive Vice President	55

The executive officers of the Company serve at the pleasure of the Board of Directors. Except for Messrs. Flood, Gresh, Hansen, Ringler, and Sutherland, each of the foregoing officers has been employed by

the Company in various elected executive capacities for more than five years. Mr. Flood was elected Executive Vice President in 2000. He joined the Company in 1976 and has held various management positions within the polymers, fluids and machined components businesses. Mr. Gresh was elected Executive Vice President in 2000. He joined the Company in 1989 and has held various sales, marketing and general management positions with the consumer packaging businesses. Mr. Hansen was elected Executive Vice President in 1998. He joined the Company in 1980 and has held various management positions within the Company's automotive metal fasteners and components businesses. Mr. Ringler was elected Vice Chairman in 1999. He joined Premark International in 1990 where he served as President and Chief Operating Officer until May 1996. He served as Premark International's Chief Executive Officer and President from May 1996 to October 1997, after which he served as Chairman of the Board, Chief Executive Officer and President until Premark International's merger with the Company in November 1999. Mr. Sutherland was elected Senior Vice President in 1998. He joined the Company in 1993 after serving as a senior tax manager with Ernst & Young and has served the Company in various capacities, most recently as Vice President of Leasing and Investments.

ITEM 2. *Properties*

As of December 31, 2001 the Company operated the following plants and office facilities, excluding regional sales offices and warehouse facilities:

	Number of Properties	Floor Space		
		Owned	Leased	Total
		(In millions of square feet)		
Engineered Products — North America	148	7.6	3.8	11.4
Engineered Products — International	106	4.0	1.6	5.6
Specialty Systems — North America	145	8.8	3.5	12.3
Specialty Systems — International	109	6.9	2.4	9.3
Leasing and Investments	18	0.5	0.4	0.9
Corporate	8	1.5	0.0	1.5
	534	29.3	11.7	41.0

The principal plants outside of the U.S. are in Australia, Belgium, Brazil, Canada, Denmark, France, Germany, Italy, Mexico, Spain, Switzerland and the United Kingdom.

The Company's properties are primarily of steel, brick or concrete construction and are maintained in good operating condition. Productive capacity, in general, currently exceeds operating levels. Capacity levels are somewhat flexible based on the number of shifts operated and on the number of overtime hours worked. The Company adds productive capacity from time to time as required by increased demand. Additions to capacity can be made within a reasonable period of time due to the nature of the businesses.

ITEM 3. *Legal Proceedings*

The United States Environmental Protection Agency has issued a proposed fine of $1,259,000 against one of the Company's businesses for alleged violation of hazardous waste regulations issued under the Resource Conservation and Recovery Act of 1976. The proposed fine principally relates to activities at a facility in Kansas City that took place prior to ITW's acquisition of the business in July 1998. The Company never operated at the Kansas City facility. The former owners of the business have indemnified ITW with respect to the matter, insofar as it relates to pre-acquisition activities. ITW and the former owners are in current negotiations with The United States Environmental Protection Agency regarding the amount of the fine.

ITEM 4. ***Submission of Matters to a Vote of Security Holders***

Not applicable.

PART II

ITEM 5. ***Market for the Registrant's Common Equity and Related Stockholder Matters***

This information is incorporated by reference to page 53 of the Company's 2001 Annual Report to Stockholders.

ITEM 6. ***Selected Financial Data***

This information is incorporated by reference to page 54 and 55 of the Company's 2001 Annual Report to Stockholders.

ITEM 7. ***Management's Discussion and Analysis of Financial Condition and Results of Operations***

This information is incorporated by reference to pages 25 through 33 of the Company's 2001 Annual Report to Stockholders.

ITEM 7A. ***Quantitative and Qualitative Disclosures about Market Risk***

This information is incorporated by reference to pages 31 and 32 of the Company's 2001 Annual Report to Stockholders.

ITEM 8. ***Financial Statements and Supplementary Data***

The financial statements and report thereon of Arthur Andersen LLP dated January 28, 2002, as found on pages 34 through 52 and the supplementary data found on page 53 of the Company's 2001 Annual Report to Stockholders, are incorporated by reference.

The report of Ernst & Young LLP dated January 24, 2000 on the financial statements of Premark International, Inc. is included as Exhibit 13(b).

ITEM 9. ***Changes in and Disagreements with Accountants on Accounting and Financial Disclosure***

Not applicable.

PART III

ITEM 10. ***Directors and Executive Officers of the Company***

Information regarding the Directors of the Company is incorporated by reference to the information under the caption "Election of Directors" in the Company's Proxy Statement for the 2002 Annual Meeting of Stockholders.

Information regarding the Executive Officers of the Company can be found in Part I of this Annual Report on Form 10-K on pages 4 and 5.

Information regarding compliance with Section 16(a) of the Exchange Act is incorporated by reference to the information under the caption "Section 16(a) Beneficial Ownership Reporting Compliance" in the Company's Proxy Statement for the 2002 Annual Meeting of Stockholders.

ITEM 11. ***Executive Compensation***

This information is incorporated by reference to the information under the caption "Executive Compensation" and "Director Compensation" in the Company's Proxy Statement for the 2002 Annual Meeting of Stockholders.

ITEM 12. ***Security Ownership of Certain Beneficial Owners and Management***

This information is incorporated by reference to the information under the caption "Ownership of ITW Stock" in the Company's Proxy Statement for the 2002 Annual Meeting of Stockholders.

ITEM 13. ***Certain Relationships and Related Transactions***

Additional information is incorporated by reference to the information under the captions "Director Compensation" and "Executive Compensation" in the Company's Proxy Statement for the 2002 Annual Meeting of Stockholders.

PART IV

ITEM 14. ***Exhibits, Financial Statement Schedules, and Reports on Form 8-K***

(a) (1) Financial Statements

The financial statements and report thereon of Arthur Andersen LLP dated January 28, 2002 as found on pages 34 through 52 and the supplementary data found on page 53 of the Company's 2001 Annual Report to Stockholders, are incorporated by reference.

The report of Ernst & Young LLP dated January 24, 2000 on the financial statements of Premark International, Inc. is included as Exhibit 13(b).

(2) Exhibits

(i) See the Exhibit Index on pages 9 and 10 of this Form 10-K.

(ii) Pursuant to Regulation S-K, Item 601(b)(4)(iii), the Company has not filed with Exhibit 4 any debt instruments for which the total amount of securities authorized thereunder are less than 10% of the total assets of the Company and its subsidiaries on a consolidated basis as of December 31, 2001, with the exception of the agreements related to the 5¾% and 6⅞% Notes, which are filed with Exhibit 4. The Company agrees to furnish a copy of the agreements related to the debt instruments which have not been filed with Exhibit 4 to the Securities and Exchange Commission upon request.

(b) Reports on Form 8-K

No reports on Form 8-K have been filed during the three months ended December 31, 2001.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized on this 21st day of March 2002.

ILLINOIS TOOL WORKS INC.

By /s/ W. JAMES FARRELL
W. James Farrell
Chairman and Chief Executive Officer

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed by the following persons on behalf of the registrant and in the capacities indicated on this 21st day of March 2002.

Signatures	Title
/s/ W. JAMES FARRELL W. James Farrell	Director, Chairman and Chief Executive Officer, (Principal Executive Officer)
/s/ JON C. KINNEY Jon C. Kinney	Senior Vice President and Chief Financial Officer, (Principal Accounting and Financial Officer)
WILLIAM F. ALDINGER	Director
MICHAEL J. BIRCK	Director
MARVIN D. BRAILSFORD	Director
JAMES R. CANTALUPO	Director
SUSAN CROWN	Director
H. RICHARD CROWTHER	Director
DON H. DAVIS, JR.	Director
ROBERT C. MCCORMACK	Director
PHILLIP B. ROONEY	Director
HAROLD B. SMITH	Director

By /s/ W. JAMES FARRELL
(W. James Farrell,
as Attorney-in-Fact)

Original powers of attorney authorizing W. James Farrell to sign this Annual Report on Form 10-K and amendments thereto on behalf of the above-named directors of the registrant have been filed with the Securities and Exchange Commission as part of this Annual Report on Form 10-K (Exhibit 24).

EXHIBIT INDEX

ANNUAL REPORT on FORM 10-K
2001

Exhibit Number	Description
3(a)	— Restated Certificate of Incorporation of Illinois Tool Works Inc., as amended, filed as Exhibit 3(a) to the Company's Quarterly Report on Form 10-Q for the quarterly period ended March 31, 1997 (Commission File No. 1-4797) and incorporated herein by reference.
3(b)	— By-laws of Illinois Tool Works Inc., as amended, filed as Exhibit 3(b) to the Company's Quarterly Report on Form 10-Q for the quarterly period ended September 30, 2001 (Commission File No. 1-4797) and incorporated herein by reference.
4(a)	— Indenture, dated as of November 1, 1986, between Illinois Tool Works Inc. and The First National Bank of Chicago, as Trustee, filed as Exhibit 4 to the Company's Registration Statement on Form S-3 (Registration Statement No. 33-5780) filed with the Securities and Exchange Commission on May 14, 1986 and incorporated herein by reference.
4(b)	— First Supplemental Indenture, dated as of May 1, 1990 between Illinois Tool Works Inc. and Harris Trust and Savings Bank, as Trustee, filed as Exhibit 4-3 to the Company's Post-Effective Amendment No. 1 to Registration Statement on Form S-3 (Registration No. 33-5780) filed with the Securities and Exchange Commission on May 8, 1990 and incorporated herein by reference.
4(c)	— Form of 5¾% Notes due March 1, 2009, filed as Exhibit 4 to the Company's Current Report on Form 8-K dated February 24, 1999 and incorporated herein by reference.
4(d)	— Form of Indenture (Revised) in connection with Premark International, Inc.'s Form S-3 Registration Statement No. 33-35137 and Form S-3 Registration Statement No. 333-62105 (Exhibit 4.2 to the Premark International, Inc.'s Annual Report on Form 10-K for the year ended December 28, 1996.)
10(a)	— Illinois Tool Works Inc. 1996 Stock Incentive Plan dated February 16, 1996, as amended on December 12, 1997 and October 29, 1999, filed as Exhibit 10(a) to the Company's Quarterly Report on Form 10-Q for the quarterly period ended September 30, 1999 (Commission File No. 1-4797) and incorporated herein by reference.
10(b)	— Illinois Tool Works Inc. 1982 Executive Contributory Retirement Income Plan adopted December 13, 1982, filed as Exhibit 10(c) to the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 1990 (Commission File No. 1-4797) and incorporated herein by reference.
10(c)	— Illinois Tool Works Inc. 1985 Executive Contributory Retirement Income Plan adopted December 1985, filed as Exhibit 10(d) to the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 1990 (Commission File No. 1-4797) and incorporated herein by reference.
10(d)	— Amendment to the Illinois Tool Works Inc. 1985 Executive Contributory Retirement Income Plan dated May 1, 1996, filed as Exhibit 10(c) to the Company's Quarterly Report on Form 10-Q for the quarterly period ended June 30, 1996 (Commission File No. 1-4797) and incorporated herein by reference.
10(e)	— Illinois Tool Works Inc. Executive Incentive Plan adopted February 16, 1996, filed as Exhibit 10(a) to the Company's Quarterly Report on Form 10-Q for the quarterly period ended June 30, 1996 (Commission File No. 1-4797) and incorporated herein by reference.
10(f)	— Supplemental Plan for Employees of Illinois Tool Works Inc., effective January 1, 1989, filed as Exhibit 10(d) to the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 1989 (Commission File No. 1-4797) and incorporated herein by reference.
10(g)	— Illinois Tool Works Inc. Non-officer directors' restricted stock program, as amended, filed as Exhibit 10(a) to the Company's Quarterly Report on Form 10-Q for the quarterly period ended September 30, 2001 (Commission File No. 1-4797) and incorporated herein by reference.

Exhibit Number	Description
10(h)	— Illinois Tool Works Inc. Outside Directors' Deferred Fee Plan dated December 12, 1980, filed as Exhibit 10(h) to the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 1997 (Commission File No. 1-4797) and incorporated herein by reference.
10(i)	— Illinois Tool Works Inc. Phantom Stock Plan for Non-officer Directors, filed as Exhibit 10(e) to the Company's Quarterly Report on Form 10-Q for the quarterly period ended June 30, 1996 (Commission File No. 1-4797) and incorporated herein by reference.
10(j)	— Illinois Tool Works Inc. Executive Contributory Retirement Income Plan effective January 1, 1999, filed as Exhibit 10(k) to the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 1998 (Commission File No. 1-4797) and incorporated herein by reference.
10(k)	— Underwriting Agreement dated February 19, 1999, related to the 5¾% Notes due March 1, 2009, filed as Exhibit 1 to the Company's Current Report on Form 8-K dated February 24, 1999 and incorporated herein reference.
10(l)	— Illinois Tool Works Inc. Non-officer Directors' Fee Conversion Plan adopted February 19, 1999, as amended December 15, 2000, filed as Exhibit 10(l) to the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2001 (Commission File No. 1-4797) and incorporated herein by reference.
10(m)	— Premark International, Inc. 1994 Incentive Plan, as amended and restated effective May 5, 1999, filed as Exhibit 10.14 to the Company's Registration Statement on Form S-4 (Registration Statement No. 333-88801) filed with the Securities and Exchange Commission on October 12, 1999 and incorporated herein by reference.
10(n)	— Premark International, Inc. Supplemental Plan, as amended and restated effective January 1, 1999, filed as Exhibit 10.15 to the Company's Registration Statement on Form S-4 (Registration Statement No. 333-88801) filed with the Securities and Exchange Commission on October 12, 1999 and incorporated herein by reference.
10(o)	— Letter of Understanding dated November 11, 1999, by and between James M. Ringler and Illinois Tool Works Inc. filed as Exhibit 10.1 to the Company's Current Report on Form 8-K dated November 11, 1999 (Commission File No. 1-4797) and incorporated herein by reference.
10(p)	— Executive Noncompetition Agreement dated November 11, 1999, by and between James M. Ringler and Illinois Tool Works Inc. filed as Exhibit 10.2 to the Company's Current Report on Form 8-K dated November 11, 1999 (Commission File No. 1-4797) and incorporated herein by reference.
10(q)	— Agreement and Plan of Merger dated as of September 9, 1999 among Premark International, Inc., Illinois Tool Works Inc. and CS Merger Sub Inc., filed as Annex A to the Company's Registration Statement on Form S-4 (Registration Statement No. 333-88801) filed with the Securities and Exchange Commission on October 12, 1999 and incorporated herein by reference.
13(a)	— The Company's 2001 Annual Report to Stockholders, pages 25 — 55.
13(b)	— Report of Ernst & Young LLP.
21	— Subsidiaries and Affiliates of the Company.
23(a)	— Consent of Arthur Andersen LLP.
23(b)	— Consent of Ernst & Young LLP.
24	— Powers of Attorney.
99(a)	— Description of the capital stock of Illinois Tool Works Inc., filed as Exhibit 99 to the Company's Quarterly Report of Form 10-Q for the quarterly period ended March 31, 1997 (Commission File No. 1-4797) and incorporated herein by reference.
99(b)	— Letter regarding Arthur Andersen LLP assurances.

Copies of such exhibits will be furnished to stockholders of the Company upon written request addressed to the Secretary of the Company at the address given on the cover of this Form 10-K. The charge for copies of the exhibits is twenty-five cents per page.

ITW

This statement has been printed on recycled paper.

UNITED STATES SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-K

(Mark One)

[X] ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended December 31, 1998

OR

[ ] TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from _____ to _____

Commission file number 1-4797

ILLINOIS TOOL WORKS INC.

(Exact Name of Registrant as Specified in its Charter)

Delaware (State or Other Jurisdiction of Incorporation or Organization)	**36-1258310** (I.R.S. Employer Identification No.)
3600 W. Lake Avenue, Glenview, Illinois (Address of Principal Executive Offices)	**60025-5811** (Zip Code)

Registrant's telephone number, including area code: **(847) 724-7500**

Securities registered pursuant to Section 12(b) of the Act:

Title of Each Class	Name of Each Exchange on Which Registered
Common Stock	New York Stock Exchange Chicago Stock Exchange

Securities registered pursuant to Section 12(g) of the Act: None

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes X No ___

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. [ ]

The aggregate market value of the voting stock held by non-affiliates of the registrant as of March 16, 1999, was approximately $12,700,000,000.

Shares of Common Stock outstanding at March 16, 1999 — 250,307,289.

Documents Incorporated by Reference

1998 Annual Report to Stockholders ..... Parts I, II, IV
Proxy Statement dated March 25, 1999, for Annual Meeting of Stockholders to be held on May 14, 1999 ..... Part III

PART I

ITEM 1. *Business*

General

Illinois Tool Works Inc. (the "Company") was founded in 1912 and incorporated in 1915. The Company manufactures and markets a variety of products and systems that provide specific, problem-solving solutions for a diverse customer base worldwide. The Company has more than 400 operations in 35 countries. The Company's business units are divided into five segments: Engineered Products-North America, Engineered Products-International, Specialty Systems-North America, Specialty Systems-International, and Leasing and Investments. Businesses in the Engineered Products-North America segment are located in North America and manufacture short lead-time components and fasteners, and specialty products such as adhesives, resealable packaging and electronic component packaging. Businesses in the Engineered Products-International segment are located outside North America and manufacture short lead-time components and fasteners, and specialty products such as electronic component packaging and adhesives. Businesses in the Specialty Systems-North America segment are located in North America and produce longer lead-time machinery and related consumables, and specialty equipment for applications such as industrial spray coating, quality measurement and static control. Businesses in the Specialty Systems-International segment are located outside North America and manufacture longer lead-time machinery and related consumables, and specialty equipment for industrial spray coating and other applications. The Leasing and Investment segment makes opportunistic investments in mortgage-related assets, leveraged and direct financing leases of equipment, properties and property developments, and affordable housing.

In early 1996, the Company acquired all of the voting stock of Hobart Brothers Company ("Hobart"), a manufacturer of welding products, in exchange for shares of ITW voting common stock. As a result, the Hobart acquisition has been accounted for as a pooling of interests in conformity with Generally Accepted Accounting Principles, specifically paragraphs 46 through 48 of Accounting Principles Board Opinion ("APB") No. 16. Accordingly, the results of operations for Hobart have been included in the Statement of Income as of the beginning of 1996. The impact of Hobart on consolidated operating revenues, net income and net income per share was not significant. Therefore, the 1995 financial statements have not been restated to reflect the acquisition of Hobart.

In late 1996, the Company acquired all of the outstanding common stock of Azon Limited ("Azon"), an Australian manufacturer of strapping and other industrial products. The acquisition has been accounted for as a purchase, and accordingly, the acquired net assets have been recorded at their estimated fair values at the date of acquisition. The results of operations have been included in the Statement of Income from the acquisition date, except for the Azon businesses which were expected to be sold, which were not consolidated at December 31, 1996. During 1997, the Company disposed of the majority of the Azon businesses which were expected to be sold. Based on the assumption that the Azon acquisition had occurred on January 1, 1996 or January 1, 1995, the Company's pro forma operating revenues, net income and net income per share would not have been significantly different.

During the five-year period ending December 31, 1998, the Company acquired and disposed of numerous other operations which did not materially impact consolidated results.

Current Year Developments

Refer to pages 16 through 21, Management's Discussion and Analysis, in the Company's 1998 Annual Report to Stockholders.

Financial Information about Industry Segments

Segment and geographic data are included on pages 16 through 18 and 36 through 38 of the Company's 1998 Annual Report to Stockholders.

The principal markets served by the Company's four manufacturing segments are as follows:

	% 1998 of Operating Revenues			
	Engineered Products-North America	Engineered Products-International	Specialty Systems-North America	Specialty Systems-International
Automotive	38%	37%	12%	3%
Construction	27%	33%	15%	8%
General Industrial	14%	10%	30%	37%
Food and Beverage	3%	—%	15%	15%
Industrial Capital Goods	3%	1%	6%	10%
Consumer Durables	8%	7%	4%	3%
Paper Products	1%	—%	7%	10%
Electronics	5%	10%	2%	1%
Other	1%	2%	9%	13%
	100%	100%	100%	100%

Operating results of the segments are described on pages 16 through 18 and 36 through 38 of the Company's 1998 Annual Report to Stockholders.

Most of the Company's businesses distribute their products directly to industrial manufacturers and through independent distributors.

Backlog

Backlog generally is not considered a significant factor in the Company's businesses as relatively short delivery periods and rapid inventory turnover are characteristic of many of its products.

Backlog by manufacturing segment as of December 31, 1998 and 1997 is summarized as follows:

	Backlog in Thousands of Dollars				
	Engineered Products-North America	Engineered Products-International	Specialty Systems-North America	Specialty Systems-International	Total
1998	$224,000	$126,000	$119,000	$64,000	$533,000
1997	$214,000	$ 72,000	$128,000	$82,000	$496,000

Backlog orders scheduled for shipment beyond calendar year 1999 were not material for any manufacturing segment as of December 31, 1998.

The information set forth below is equally applicable to all segments of the Company unless otherwise noted:

Competition

The Company's global competitive environment is complex because of the wide diversity of products the Company manufactures and the markets it serves. Depending on the product or market, the Company may compete with a few other companies or with many others, some of which may be the Company's own licensees.

The Company is a leading producer of plastic and metal components, fasteners and assemblies; industrial fluids and adhesives; tooling for specialty applications; welding products; packaging machinery and related

consumables; industrial spray coating and static control equipment and systems; and quality measurement equipment and systems.

Raw Materials

The Company uses raw materials of various types, primarily metals and plastics that are available from numerous commercial sources. The availability of materials and energy has not resulted in any business interruptions or other major problems, nor are any such problems anticipated.

Research and Development

The Company's growth has resulted from developing new and improved products, broadening the application of established products, continuing efforts to improve and develop new methods, processes and equipment, and from acquisitions. Many new products are designed to reduce customers' costs by eliminating steps in their manufacturing processes, reducing the number of parts in an assembly, or by improving the quality of customers' assembled products. Typically, the development of such products is accomplished by working closely with customers on specific applications. Identifiable research and development costs are set forth on page 25 of the Company's 1998 Annual Report to Stockholders. Research and development expenditures in 1998 in local currencies were consistent with 1997, however U.S. dollar expenditures decreased in 1998 as a result of the negative impact of foreign currencies against the U.S. dollar.

The Company owns approximately 1,975 unexpired United States patents covering articles, methods and machines. Many counterparts of these patents have also been obtained in various foreign countries. In addition, the Company has approximately 347 applications for patents pending in the United States Patent Office, but there is no assurance that any patent will be issued. The Company maintains an active patent department for the administration of patents and processing of patent applications.

The Company believes that many of its patents are valuable and important. Nevertheless, the Company credits its leadership in the markets it serves to engineering capability; manufacturing techniques, skills and efficiency; marketing and sales promotion; and service and delivery of quality products to its customers.

Trademarks

Many of the Company's products are sold under various trademarks owned or licensed by the Company. Among the most significant are: ITW, Apex, Buildex, Deltar, Devcon, DeVilbiss, Fastex, Hi-Cone, Hobart, Keps, Magnaflux, Miller, Minigrip, Newtec, Oxo, Paktron, Paslode, Powcon, Ramset, Ransburg, Red Head, Shakeproof, Signode, Teks, Tenax and Zip-Pak.

Environmental

The Company believes that its plants and equipment are in substantial compliance with applicable environmental regulations. Additional measures to maintain compliance are not expected to materially affect the Company's capital expenditures, competitive position, financial position or results of operations.

Various legislative and administrative regulations concerning environmental issues have become effective or are under consideration in many parts of the world relating to manufacturing processes, and the sale or use of certain products. To date, such developments have not had a substantial adverse impact on the Company's sales or earnings. The Company has made considerable efforts to develop and sell environmentally compatible products resulting in new and expanding marketing opportunities.

Employees

The Company employed approximately 29,200 persons as of December 31, 1998 and considers its employee relations to be excellent.

International

The Company's international operations include subsidiaries, joint ventures and licensees in 35 countries on six continents. These operations serve such markets as automotive, food and beverage, construction, general industrial, industrial capital goods, electronics, paper products and others on a worldwide basis. The Company's international subsidiaries contributed approximately 36% of operating revenues in both 1998 and 1997.

Refer to pages 16 through 19 and 36 through 38 in the Company's 1998 Annual Report to Stockholders for additional information on international activities. International operations are subject to certain risks inherent in conducting business in foreign countries, including price controls, exchange controls, limitations on participation in local enterprises, nationalization, expropriation and other governmental action, and changes in currency exchange rates.

Year 2000

Refer to page 21 in the Company's 1998 Annual Report to Stockholders for discussion of the effect on the Company of the Year 2000 computer issue.

Forward-looking Statements

Refer to page 21 of the Company's 1998 Annual Report to Stockholders for information on the risks associated with forward-looking statements within this document.

Executive Officers

Executive Officers of the Company as of March 25, 1999:

Name	Office	Age
Thomas W. Buckman	Vice President, Patents and Technology	61
W. James Farrell	Chairman and Chief Executive Officer	56
Russell M. Flaum	Executive Vice President	48
Thomas J. Hansen	Executive Vice President	50
Stewart S. Hudnut	Senior Vice President, General Counsel and Secretary	59
John Karpan	Senior Vice President, Human Resources	58
Jon C. Kinney	Senior Vice President and Chief Financial Officer	56
Dennis J. Martin	Executive Vice President	48
Frank S. Ptak	Vice Chairman	55
F. Ronald Seager	Executive Vice President	58
Harold B. Smith	Chairman of the Executive Committee	65
David B. Speer	Executive Vice President	47
Allan C. Sutherland	Senior Vice President	35
Hugh J. Zentmeyer	Executive Vice President	52

Except for Messrs. Hansen, Kinney, Martin, Speer, Sutherland, and Zentmeyer, each of the foregoing officers has been employed by the Company in various elected executive capacities for more than five years. The executive officers of the Company serve at the pleasure of the Board of Directors. Mr. Hansen joined the Company in 1980 and has held various management positions within the Company's automotive metal fasteners and components businesses. Mr. Kinney joined the Company in 1973 and has served as Senior Vice President and Controller, Operations, and Group Controller of several of the Company's businesses. Mr. Martin joined the Company in 1991 and has held several management positions in the welding businesses.

Mr. Speer joined the Company in 1978 and has held various sales, marketing and general management positions within the construction businesses. Mr. Sutherland joined the Company in 1993 after serving as a senior tax manager with Ernst & Young and has served the Company in various capacities, most recently as Vice President of Leasing and Investments. Mr. Zentmeyer joined Signode Corporation (which was acquired by the Company in 1986) in 1968 and has held various management positions in the industrial packaging businesses.

ITEM 2. ***Properties***

As of December 31, 1998 the Company operated the following plants and office facilities, excluding regional sales offices and warehouse facilities:

	Number of Properties	Floor Space		
		Owned	Leased	Total
		(in millions of square feet)		
Engineered Products — North America	122	3.9	2.5	6.4
Engineered Products — International	85	2.0	1.0	3.0
Specialty Systems — North America	99	5.3	2.0	7.3
Specialty Systems — International	66	3.7	1.0	4.7
Leasing and Investments	16	0.8	0.2	1.0
Corporate	9	1.4	—	1.4
	397	17.1	6.7	23.8

The principal plants outside of the U.S. are in Australia, Belgium, Canada, France, Germany, Ireland, India, Italy, Japan, Malaysia, Spain, Sweden, Switzerland and the United Kingdom.

The Company's properties are primarily of steel, brick or concrete construction and are maintained in good operating condition. Productive capacity, in general, currently exceeds operating levels. Capacity levels are somewhat flexible based on the number of shifts operated and on the number of overtime hours worked. The Company adds productive capacity from time to time as required by increased demand. Additions to capacity can be made within a reasonable period of time due to the nature of the businesses.

ITEM 3. ***Legal Proceedings***

Not applicable.

ITEM 4. ***Submission of Matters to a Vote of Security Holders***

Not applicable.

PART II

ITEM 5. ***Market for the Registrant's Common Equity and Related Stockholder Matters***

This information is incorporated by reference to page 39 of the Company's 1998 Annual Report to Stockholders.

ITEM 6. ***Selected Financial Data***

This information is incorporated by reference to pages 40 and 41 of the Company's 1998 Annual Report to Stockholders.

ITEM 7. ***Management's Discussion and Analysis of Financial Condition and Results of Operations***

This information is incorporated by reference to pages 16 through 21 of the Company's 1998 Annual Report to Stockholders.

ITEM 7A. ***Quantitative and Qualitative Disclosures about Market Risk***

This information is incorporated by reference to page 20 and 21 of the Company's 1998 Annual Report to Stockholders.

ITEM 8. ***Financial Statements and Supplementary Data***

The financial statements and report thereon of Arthur Andersen LLP dated January 27, 1999, as found on pages 22 through 38 and supplementary data on page 39 of the Company's 1998 Annual Report to Stockholders, are incorporated by reference.

ITEM 9. ***Changes in and Disagreements with Accountants on Accounting and Financial Disclosure***

Not applicable.

PART III

ITEM 10. ***Directors and Executive Officers of the Company***

Information regarding the Directors of the Company is incorporated by reference to the information under the caption "Election of Directors" in the Company's Proxy Statement for the 1999 Annual Meeting of Stockholders.

Information regarding the Executive Officers of the Company can be found in Part I of this Annual Report on Form 10-K on pages 4 and 5.

ITEM 11. ***Executive Compensation***

This information is incorporated by reference to the information under the caption "Executive Compensation" in the Company's Proxy Statement for the 1999 Annual Meeting of Stockholders.

ITEM 12. ***Security Ownership of Certain Beneficial Owners and Management***

This information is incorporated by reference to the information under the caption "Ownership of ITW Stock" in the Company's Proxy Statement for the 1999 Annual Meeting of Stockholders.

ITEM 13. ***Certain Relationships and Related Transactions***

Additional information is incorporated by reference to the information under the captions "Director Compensation" and "Executive Compensation" in the Company's Proxy Statement for the 1999 Annual Meeting of Stockholders.

PART IV

ITEM 14. *Exhibits, Financial Statement Schedules, and Reports on Form 8-K*

(a) (1) Financial Statements

The financial statements and report thereon of Arthur Andersen LLP dated January 27, 1999, as found on pages 22 through 39 of the Company's 1998 Annual Report to Stockholders, are incorporated by reference.

(2) Financial Statement Schedule

The following supplementary financial data should be read in conjunction with the financial statements and notes thereto as presented in the Company's 1998 Annual Report to Stockholders. Schedules not included with this supplementary financial data have been omitted because they are not applicable, immaterial or the required information is included in the financial statements or the related notes to financial statements.

	Schedule No.	Page No.
Valuation and Qualifying Accounts	II	10

(3) Exhibits

(i) See the Exhibit Index on page 11 of this Form 10-K.

(ii) Pursuant to Regulation S-K, Item 601(b)(4)(iii), the Company has not filed with Exhibit 4 any debt instruments for which the total amount of securities authorized thereunder are less than 10% of the total assets of the Company and its subsidiaries on a consolidated basis as of December 31, 1998, with the exception of the agreement related to the 5⅞% and 5¾% Notes, which are filed with Exhibit 4. The Company agrees to furnish a copy of the agreements related to the debt instruments which have not been filed with Exhibit 4 to the Securities and Exchange Commission upon request.

(b) Reports on Form 8-K

No reports on Form 8-K have been filed during the three months ended December 31, 1998.

REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS ON SCHEDULE

To Illinois Tool Works Inc.:

We have audited, in accordance with generally accepted auditing standards, the financial statements included in Illinois Tool Works Inc.'s 1998 Annual Report to Stockholders, incorporated by reference in this Form 10-K, and have issued our report thereon dated January 27, 1999. Our audits were made for the purpose of forming an opinion on those statements taken as a whole. The schedule listed in the accompanying index is the responsibility of the Company's management and is presented for the purpose of complying with the Securities and Exchange Commission's rules and is not part of the basic financial statements. The schedule has been subjected to the auditing procedures applied in the audits of the basic financial statements and, in our opinion, fairly states in all material respects the financial data required to be set forth therein in relation to the basic financial statements taken as a whole.

ARTHUR ANDERSEN LLP

Chicago, Illinois,
January 27, 1999

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized on this 29th day of March, 1999.

ILLINOIS TOOL WORKS INC.

By /s/ W. JAMES FARRELL
W. James Farrell
Director, Chairman and Chief Executive Officer

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed by the following persons on behalf of the registrant and in the capacities indicated on this 29th day of March, 1999.

Signatures	Title
/s/ JON C. KINNEY Jon C. Kinney	Senior Vice President and Chief Financial Officer, (Principal Accounting and Financial Officer)
WILLIAM F. ALDINGER	Director
MICHAEL J. BIRCK	Director
MARVIN D. BRAILSFORD	Director
SUSAN CROWN	Director
H. RICHARD CROWTHER	Director
W. JAMES FARRELL	Director
ROBERT C. MCCORMACK	Director
PHILLIP B. ROONEY	Director
HAROLD B. SMITH	Director
ORMAND J. WADE	Director

By /s/ W. JAMES FARRELL
(W. James Farrell
as Attorney-in-Fact)

Original powers of attorney authorizing W. James Farrell to sign this Annual Report on Form 10-K and amendments thereto on behalf of the above-named directors of the registrant have been filed with the Securities and Exchange Commission as part of this Annual Report on Form 10-K (Exhibit 24).

SCHEDULE II

ILLINOIS TOOL WORKS INC.

VALUATION AND QUALIFYING ACCOUNTS
For the Years Ended December 31, 1996, 1997, and 1998

				Deductions			
	Balance at Beginning of Period	Provisions Charged to Income	Acquisitions	Receivables Written off, Net of Recoveries	Dispositions	(1) Other	Balance at End of Period
				(In thousands)			
Year Ended December 31, 1996:							
Allowances for uncollectible accounts	23,500	4,451	4,836	(10,319)	111	(179)	22,400
Year Ended December 31, 1997:							
Allowance for uncollectible accounts	22,400	6,268	989	(5,639)	—	(3,218)	20,800
Year Ended December 31, 1998:							
Allowance for uncollectible accounts	20,800	5,008	7,803	(5,300)	(153)	(158)	28,000

(1) Includes the effects of foreign currency translation and other reserve adjustments.

EXHIBIT INDEX

ANNUAL REPORT on FORM 10-K
1998

Exhibit Number	Description
3(a)	— Restated Certificate of Incorporation of Illinois Tool Works Inc., as amended, filed as Exhibit 3(a) to the Company's Quarterly Report on Form 10-Q for the quarterly period ended March 31, 1997 (Commission File No. 1-4797) and incorporated herein by reference.
3(b)	— By-laws of Illinois Tool Works Inc., as amended.
4(a)	— Indenture, dated as of November 1, 1986, between Illinois Tool Works Inc. and The First National Bank of Chicago, as Trustee, filed as Exhibit 4 to the Company's Registration Statement on Form S-3 (Registration Statement No. 33-5780) filed with the Securities and Exchange Commission on May 14, 1986 and incorporated herein by reference.
4(b)	— First Supplemental Indenture, dated as of May 1, 1990 between Illinois Tool Works Inc. and Harris Trust and Savings Bank, as Trustee, filed as Exhibit 4-3 to the Company's Post-Effective Amendment No. 1 to Registration Statement on Form S-3 (Registration No. 33-5780) filed with the Securities and Exchange Commission on May 8, 1990 and incorporated herein by reference.
4(c)	— Form of 5⅞% Notes due March 1, 2000, filed as Exhibit 4(f) to the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 1992 (Commission File No. 1-4797) and incorporated herein by reference.
4(d)	— Form of 5¾% Notes due March 1, 2009, filed as Exhibit 4 to the Company's Current Report on Form 8-K dated February 24, 1999 and incorporated herein by reference.
10(a)	— Illinois Tool Works Inc. 1996 Stock Incentive Plan dated February 16, 1996, as amended on December 12, 1997, filed as Exhibit 10(a) to the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 1997 (Commission File No. 1-4797) and incorporated herein by reference.
10(b)	— Illinois Tool Works Inc. 1982 Executive Contributory Retirement Income Plan adopted December 13, 1982, filed as Exhibit 10(c) to the Company's Annual Report on Form 10-K for the fiscal year ended December 13, 1982, filed as Exhibit 10(c) to the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 1990 (Commission File No. 1-4797) and incorporated herein by reference.
10(c)	— Illinois Tool Works Inc. 1985 Executive Contributory Retirement Income Plan adopted December 1985, filed as Exhibit 10(d) to the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 1990 (Commission File No. 1-4797) and incorporated herein by reference.
10(d)	— Amendment to the Illinois Tool Works Inc. 1985 Executive Contributory Retirement Income Plan dated May 1, 1996, filed as Exhibit 10(c) to the Company's Quarterly Report on Form 10-Q for the quarterly period ended June 30, 1996 (Commission File No. 1-4797) and incorporated herein by reference.
10(e)	— Illinois Tool Works Inc. Executive Incentive Plan adopted February 16, 1996, filed as Exhibit 10(a) to the Company's Quarterly Report on Form 10-Q for the quarterly period ended June 30, 1996 (Commission File No. 1-4797) and incorporated herein by reference.
10(f)	— Supplemental Plan for Employees of Illinois Tool Works Inc., effective January 1, 1989, filed as Exhibit 10(d) to the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 1989 (Commission File No. 1-4797) and incorporated herein by reference.

Exhibit Number	Description
10(g)	— Non-officer directors' restricted stock program, and non-officer directors' phantom stock plan, descriptions of which are under the caption "Directors' Compensation" in the Company's Proxy Statement for the 1999 Annual Meeting of Stockholders.
10(h)	— Illinois Tool Works Inc. Outside Directors' Deferred Fee Plan dated December 12, 1980, filed as Exhibit 10(h) to the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 1997 (Commission File No. 1-4797) and incorporated herein by reference.
10(i)	— Illinois Tool Works Inc. Phantom Stock Plan for Non-officer Directors, filed as Exhibit 10(e) to the Company's Quarterly Report on Form 10-Q for the quarterly period ended June 30, 1996 (Commission File No. 1-4797) and incorporated herein by reference.
10(j)	— Underwriting Agreement dated February 23, 1993, related to the 5⅞% Notes due March 1, 2000, filed as Exhibit 10(j) to the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 1992 (Commission File No. 1-4797) and incorporated herein by reference.
10(k)	— Illinois Tool Works Inc. Executive Contributory Retirement Income Plan effective January 1, 1999.
10(l)	— Underwriting Agreement dated February 19, 1999, related to the 5¾% Notes due March 1, 2009, filed as Exhibit 1 to the Company's Current Report on Form 8-K dated February 24, 1999 and incorporated herein reference.
10(m)	— Illinois Tool Works Inc. Non-officer Directors' Fee Conversion Plan adopted February 19, 1999.
13	— The Company's 1998 Annual Report to Stockholders, pages 16 — 41.
21	— Subsidiaries and Affiliates of the Company.
22	— Information under the captions "Election of Directors," "Executive Compensation" and "Ownership of ITW Stock" in the Company's Proxy Statement for the 1999 Annual Meeting of Stockholders.
23	— Consent of Arthur Andersen LLP.
24	— Powers of Attorney.
27	— Financial Data Schedule.
99	— Description of the capital stock of Illinois Tool Works Inc., filed as Exhibit 99 to the *Company's Quarterly Report of Form 10-Q for the quarterly period ended March 31, 1997* (Commission File No. 1-4797) and incorporated herein by reference.

Copies of such exhibits will be furnished to stockholders of the Company upon written request addressed to the Secretary of the Company at the address given on the cover of this Form 10-K. The charge for copies of the exhibits is twenty-five cents per page.

ITW

This statement has been printed on recycled paper.

UNITED STATES SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-K

(Mark One)

[X] ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended December 31, 1999

OR

[ ] TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from _____ to _____

Commission file number 1-4797

ILLINOIS TOOL WORKS INC.

(Exact Name of Registrant as Specified in its Charter)

Delaware (State or Other Jurisdiction of Incorporation or Organization)	**36-1258310** (I.R.S. Employer Identification No.)
3600 W. Lake Avenue, Glenview, Illinois (Address of Principal Executive Offices)	**60025-5811** (Zip Code)

Registrant's telephone number, including area code: **(847) 724-7500**

Securities registered pursuant to Section 12(b) of the Act:

Title of Each Class	Name of Each Exchange on Which Registered
Common Stock	New York Stock Exchange Chicago Stock Exchange

Securities registered pursuant to Section 12(g) of the Act: None

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes X No ___

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. [X]

The aggregate market value of the voting stock held by non-affiliates of the registrant as of March 14, 2000, was approximately $12,400,000,000.

Shares of Common Stock outstanding at March 14, 2000 — 300,678,897.

Documents Incorporated by Reference

1999 Annual Report to Stockholders ..... Parts I, II, IV

Proxy Statement dated March 27, 2000, for Annual Meeting of Stockholders to be held on May 12, 2000 ..... Part III

PART I

ITEM 1. Business

General

Illinois Tool Works Inc. (the "Company" or "ITW") was founded in 1912 and incorporated in 1915. The Company manufactures and markets a variety of products and systems that provide specific, problem-solving solutions for a diverse customer base worldwide. The Company has more than 500 operations in 40 countries. The Company's business units are divided into six segments: Engineered Products-North America, Engineered Products-International, Specialty Systems-North America, Specialty Systems-International, Consumer Products, and Leasing and Investments. Businesses in the Engineered Products-North America segment are located in North America and manufacture short lead-time components and fasteners, and specialty products such as adhesives, resealable packaging and electronic component packaging. Businesses in the Engineered Products-International segment are located outside North America and manufacture short lead-time components and fasteners, and specialty products such as electronic component packaging and adhesives. Businesses in the Specialty Systems-North America segment are located in North America and produce longer lead-time machinery and related consumables, and specialty equipment for applications such as food service and industrial spray coating. Businesses in the Specialty Systems-International segment are located outside North America and manufacture longer lead-time machinery and related consumables, and specialty equipment for food service and industrial spray coating. Businesses in the Consumer Products segment are located primarily in North America and manufacture household products which are used by consumers, including small electric appliances, physical fitness equipment and ceramic tile. The Leasing and Investment segment makes opportunistic investments in mortgage-related assets, leveraged and direct financing leases of equipment, properties and property developments, and affordable housing.

On November 23, 1999, a wholly owned subsidiary of ITW merged with Premark International, Inc. ("Premark"), a commercial manufacturer of food equipment and decorative products. Shareholders of Premark received .8081 shares of ITW common stock in exchange for each share of Premark common stock outstanding. A total of 49,781,665 of ITW common shares were issued to the former Premark shareholders in connection with the merger. The merger was accounted for under the pooling-of-interests accounting method and accordingly, ITW's historical financial statements for periods prior to the merger have been restated to include the results of operations, financial position and cash flows of Premark, as though the companies had been combined during such periods.

During the five-year period ending December 31, 1999, the Company acquired and disposed of numerous other operations which did not materially impact consolidated results.

Current Year Developments

Refer to pages 21 through 26, Management's Discussion and Analysis, in the Company's 1999 Annual Report to Stockholders.

Financial Information about Industry Segments

Segment and geographic data are included on pages 21 through 23 and 42 through 44 of the Company's 1999 Annual Report to Stockholders.

The principal markets served by the Company's five manufacturing segments are as follows:

	% of 1999 Operating Revenues				
	Engineered Products-North America	Engineered Products-International	Specialty Systems-North America	Specialty Systems-International	Consumer Products
Construction	48%	38%	9%	5%	33%
Automotive	27%	34%	6%	3%	—%
General Industrial	11%	11%	19%	24%	—%
Consumer Durables	6%	7%	3%	2%	67%
Electronics	3%	7%	1%	2%	—%
Food and Beverage	2%	—%	9%	9%	—%
Industrial Capital Goods	2%	1%	6%	6%	—%
Food Retail and Service	—%	—%	34%	32%	—%
Paper Products	—%	—%	5%	5%	—%
Other	1%	2%	8%	12%	—%
	100%	100%	100%	100%	100%

Operating results of the segments are described on pages 21 through 23 and 42 through 44 of the Company's 1999 Annual Report to Stockholders.

Most of the Company's businesses distribute their products directly to industrial manufacturers and through independent distributors.

Backlog

Backlog generally is not considered a significant factor in the Company's businesses as relatively short delivery periods and rapid inventory turnover are characteristic of many of its products.

Backlog by manufacturing segment as of December 31, 1999 and 1998 is summarized as follows:

	Backlog in Thousands of Dollars					
	Engineered Products-North America	Engineered Products-International	Specialty Systems-North America	Specialty Systems-International	Consumer Products	Total
1999	$257,000	$125,000	$196,000	$136,000	—	$714,000
1998	$227,000	$124,000	$186,000	$134,000	—	$671,000

Backlog orders scheduled for shipment beyond calendar year 2000 were not material in any manufacturing segment as of December 31, 1999.

The information set forth below is applicable to all industry segments of the Company unless otherwise noted:

Competition

The Company's global competitive environment is complex because of the wide diversity of products the Company manufactures and the markets it serves. Depending on the product or market, the Company may compete with a few other companies or with many others, some of which may be the Company's own licensees.

The Company is a leading producer of plastic, metal and laminate components, fasteners and assemblies; industrial fluids and adhesives; tooling for specialty applications; welding products; packaging machinery and related consumables; food service equipment; and industrial spray coating equipment.

Raw Materials

The Company uses raw materials of various types, primarily metals and plastics that are available from numerous commercial sources. The availability of materials and energy has not resulted in any business interruptions or other major problems, nor are any such problems anticipated.

Research and Development

The Company's growth has resulted from developing new and improved products, broadening the application of established products, continuing efforts to improve and develop new methods, processes and equipment, and from acquisitions. Many new products are designed to reduce customers' costs by eliminating steps in their manufacturing processes, reducing the number of parts in an assembly, or by improving the quality of customers' assembled products. Typically, the development of such products is accomplished by working closely with customers on specific applications. Identifiable research and development costs are set forth on page 31 of the Company's 1999 Annual Report to Stockholders.

The Company owns approximately 2,500 unexpired United States patents covering articles, methods and machines. Many counterparts of these patents have also been obtained in various foreign countries. In addition, the Company has approximately 550 applications for patents pending in the United States Patent Office, but there is no assurance that any patent will be issued. The Company maintains an active patent department for the administration of patents and processing of patent applications.

The Company believes that many of its patents are valuable and important. Nevertheless, the Company credits its leadership in the markets it serves to engineering capability; manufacturing techniques, skills and efficiency; marketing and sales promotion; and service and delivery of quality products to its customers.

Trademarks

Many of the Company's products are sold under various trademarks owned or licensed by the Company. Among the most significant are: ITW, Apex, Buildex, Deltar, Devcon, DeVilbiss, Fastex, Hi-Cone, Hobart, Keps, Magnaflux, Miller, Minigrip, Paktron, Paslode, Precor, Ramset, Ransburg, Red Head, Shakeproof, Signode, Teks, Tenax, West Bend, Wilsonart, and Zip-Pak.

Environmental

The Company believes that its plants and equipment are in substantial compliance with applicable environmental regulations. Additional measures to maintain compliance are not expected to materially affect the Company's capital expenditures, competitive position, financial position or results of operations.

Various legislative and administrative regulations concerning environmental issues have become effective or are under consideration in many parts of the world relating to manufacturing processes, and the sale or use of certain products. To date, such developments have not had a substantial adverse impact on the Company's sales or earnings. The Company has made considerable efforts to develop and sell environmentally compatible products resulting in new and expanding marketing opportunities.

Employees

The Company employed approximately 52,800 persons as of December 31, 1999 and considers its employee relations to be excellent.

International

The Company's international operations include subsidiaries, joint ventures and licensees in 39 countries on six continents. These operations serve such markets as construction, food and retail service, general industrial, automotive, and others on a worldwide basis. The Company's international subsidiaries contributed approximately 34% of operating revenues in 1999 and 33% in 1998.

Refer to pages 21 through 24 and 42 through 44 in the Company's 1999 Annual Report to Stockholders for additional information on international activities. International operations are subject to certain risks inherent in conducting business in foreign countries, including price controls, exchange controls, limitations on participation in local enterprises, nationalization, expropriation and other governmental action, and changes in currency exchange rates.

Year 2000

Refer to page 26 in the Company's 1999 Annual Report to Stockholders for discussion of the effect on the Company of the year 2000 computer issue.

Forward-looking Statements

Refer to page 26 of the Company's 1999 Annual Report to Stockholders for information on the risks associated with forward-looking statements within this document.

Executive Officers

Executive Officers of the Company as of March 27, 2000:

Name	Office	Age
Thomas W. Buckman	Vice President, Patents and Technology	62
W. James Farrell	Chairman and Chief Executive Officer	57
Russell M. Flaum	Executive Vice President	49
Thomas J. Hansen	Executive Vice President	51
Stewart S. Hudnut	Senior Vice President, General Counsel and Secretary	60
John Karpan	Senior Vice President, Human Resources	59
Jon C. Kinney	Senior Vice President and Chief Financial Officer	57
Dennis J. Martin	Executive Vice President	49
Frank S. Ptak	Vice Chairman	56
James M. Ringler	Vice Chairman	54
F. Ronald Seager	Executive Vice President	59
Harold B. Smith	Chairman of the Executive Committee	66
David B. Speer	Executive Vice President	48
Allan C. Sutherland	Senior Vice President	36
Hugh J. Zentmeyer	Executive Vice President	53

Except for Messrs. Hansen, Kinney, Martin, Ringler, Speer, Sutherland, and Zentmeyer, each of the foregoing officers has been employed by the Company in various elected executive capacities for more than five years. The executive officers of the Company serve at the pleasure of the Board of Directors. Mr. Hansen joined the Company in 1980 and has held various management positions within the Company's automotive metal fasteners and components businesses. Mr. Kinney joined the Company in 1973 and has served as Vice President and Controller, Operations, and Group Controller of several of the Company's businesses. Mr. Martin joined the Company in 1991 and has held several management positions in the welding businesses. Mr. Ringler joined Premark International in 1990 where he served as President and Chief Operating Officer until May 1996. He served as Premark International's Chief Executive Officer and President from May 1996 to October 1997, after which he served as Chairman of the Board, Chief Executive Officer and President until Premark International's merger with the Company in November 1999. Mr. Speer joined the Company in 1978 and has held various sales, marketing and general management positions within the construction businesses. Mr. Sutherland joined the Company in 1993 after serving as a senior tax manager with Ernst & Young and has served the Company in various capacities, most recently as Vice President of Leasing and Investments.

Mr. Zentmeyer joined Signode Corporation (which was acquired by the Company in 1986) in 1968 and has held various management positions in the industrial packaging businesses.

ITEM 2. *Properties*

As of December 31, 1999 the Company operated the following plants and office facilities, excluding regional sales offices and warehouse facilities:

	Number of Properties	Floor Space		
		Owned	Leased	Total
		(In millions of square feet)		
Engineered Products — North America	132	6.5	3.5	10.0
Engineered Products — International	88	5.4	1.2	6.6
Specialty Systems — North America	119	9.5	2.5	12.0
Specialty Systems — International	89	6.3	1.4	7.7
Consumer Products	16	3.0	0.5	3.5
Leasing and Investments	13	0.6	0.2	0.8
Corporate	5	1.3	—	1.3
	462	32.6	9.3	41.9

The principal plants outside of the U.S. are in Australia, Brazil, Canada, Denmark, France, Germany, Italy, Korea, Mexico, Spain, Switzerland and the United Kingdom.

The Company's properties are primarily of steel, brick or concrete construction and are maintained in good operating condition. Productive capacity, in general, currently exceeds operating levels. Capacity levels are somewhat flexible based on the number of shifts operated and on the number of overtime hours worked. The Company adds productive capacity from time to time as required by increased demand. Additions to capacity can be made within a reasonable period of time due to the nature of the businesses.

ITEM 3. *Legal Proceedings*

Not applicable.

ITEM 4. *Submission of Matters to a Vote of Security Holders*

The Company held a Special Meeting of Stockholders on November 23, 1999. At the meeting, the following item was submitted to a vote of stockholders:

The proposal to issue the Company's common stock as stated in the Proxy Statement dated October 12, 1999 pursuant to the Agreement and Plan of Merger among Premark International, Inc., Illinois Tool Works Inc. and CS Merger Sub Inc., a wholly owned subsidiary of ITW, dated as of September 9, 1999. The proposal was approved with 197,508,363 votes for, 4,329,793 votes against and 574,374 votes withheld.

PART II

ITEM 5. *Market for the Registrant's Common Equity and Related Stockholder Matters*

This information is incorporated by reference to page 45 of the Company's 1999 Annual Report to Stockholders.

ITEM 6. ***Selected Financial Data***

	1999	1998	1997	1996	1995
	(In thousands except per share amounts)				
Operating revenues	$9,333,185	8,386,971	7,627,263	7,264,281	6,391,480
Income from continuing operations	$ 841,112	809,747	691,589	543,922	467,362
Income from continuing operations per common share:					
Basic	$ 2.80	2.70	2.31	1.83	1.64
Diluted	$ 2.76	2.66	2.27	1.80	1.62
Total assets at year-end	$9,060,259	8,212,488	7,171,407	6,484,251	5,576,352
Long-term debt at year-end	$1,360,746	1,208,046	966,628	934,847	737,257
Cash dividends declared per common share	$ .65	.53	.45	.45	.48

Refer to pages 30 and 31 of the Company's 1999 Annual Report to Stockholders for discussion of the effect of the Premark Merger.

ITEM 7. ***Management's Discussion and Analysis of Financial Condition and Results of Operations***

This information is incorporated by reference to pages 21 through 26 of the Company's 1999 Annual Report to Stockholders.

ITEM 7A. ***Quantitative and Qualitative Disclosures about Market Risk***

This information is incorporated by reference to pages 25 and 26 of the Company's 1999 Annual Report to Stockholders.

ITEM 8. ***Financial Statements and Supplementary Data***

The financial statements and report thereon of Arthur Andersen LLP dated January 31, 2000, as found on pages 27 through 44 and the supplementary data found on page 45 of the Company's 1999 Annual Report to Stockholders, are incorporated by reference.

The report of Ernst & Young LLP dated January 24, 2000 on the financial statements of Premark International, Inc. is included as Exhibit 13(b).

ITEM 9. ***Changes in and Disagreements with Accountants on Accounting and Financial Disclosure***

Not applicable.

PART III

ITEM 10. ***Directors and Executive Officers of the Company***

Information regarding the Directors of the Company is incorporated by reference to the information under the caption "Election of Directors" in the Company's Proxy Statement for the 2000 Annual Meeting of Stockholders.

Information regarding the Executive Officers of the Company can be found in Part I of this Annual Report on Form 10-K on pages 4 and 5.

ITEM 11. ***Executive Compensation***

This information is incorporated by reference to the information under the caption "Executive Compensation" and "Directors Compensation" in the Company's Proxy Statement for the 2000 Annual Meeting of Stockholders.

ITEM 12. ***Security Ownership of Certain Beneficial Owners and Management***

This information is incorporated by reference to the information under the caption "Ownership of ITW Stock" in the Company's Proxy Statement for the 2000 Annual Meeting of Stockholders.

ITEM 13. ***Certain Relationships and Related Transactions***

Additional information is incorporated by reference to the information under the captions "Director Compensation" and "Executive Compensation" in the Company's Proxy Statement for the 2000 Annual Meeting of Stockholders.

PART IV

ITEM 14. ***Exhibits, Financial Statement Schedules, and Reports on Form 8-K***

(a) (1) Financial Statements

The financial statements and report thereon of Arthur Andersen LLP dated January 31, 2000 as found on pages 27 through 44 and the supplementary data found on page 45 of the Company's 1999 Annual Report to Stockholders, are incorporated by reference.

The report of Ernst & Young LLP dated January 24, 2000 on the financial statements of Premark International, Inc. is included as Exhibit 13(b).

(2) Exhibits

(i) See the Exhibit Index on page 10 of this Form 10-K.

(ii) Pursuant to Regulation S-K, Item 601(b)(4)(iii), the Company has not filed with Exhibit 4 any debt instruments for which the total amount of securities authorized thereunder are less than 10% of the total assets of the Company and its subsidiaries on a consolidated basis as of December 31, 1999, with the exception of the agreements related to the 5⅞%, 5¾%, 6⅞% and 10½% Notes, which are filed with Exhibit 4. The Company agrees to furnish a copy of the agreements related to the debt instruments which have not been filed with Exhibit 4 to the Securities and Exchange Commission upon request.

(b) Reports on Form 8-K

The following reports on Form 8-K have been filed during the three months ended December 31, 1999.

(1) Form 8-K, Current Report, dated November 11, 1999 which included Item 5; Item 7; Letter of Understanding between James M. Ringler and Illinois Tool Works Inc.; Executive Noncompetition Agreement between James M. Ringler and Illinois Tool Works Inc.; Letter of Understanding between William Reeb and Illinois Tool Works Inc.; and Executive Noncompetition Agreement between William Reeb and Illinois Tool Works Inc.

(2) Form 8-K, Current Report, dated November 23, 1999, which included Item 2, Item 7, and Agreement and Plan of Merger among Premark International, Inc., Illinois Tool Works Inc. and CS Merger Sub Inc.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized on this 29th day of March, 2000.

ILLINOIS TOOL WORKS INC.

By /s/ W. JAMES FARRELL
W. James Farrell
Chairman and Chief Executive Officer

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed by the following persons on behalf of the registrant and in the capacities indicated on this 29th day of March, 2000.

Signatures	Title
/s/ W. JAMES FARRELL W. James Farrell	Director, Chairman and Chief Executive Officer, (Principal Executive Officer)
/s/ JON C. KINNEY Jon C. Kinney	Senior Vice President and Chief Financial Officer, (Principal Accounting and Financial Officer)
WILLIAM F. ALDINGER	Director
MICHAEL J. BIRCK	Director
MARVIN D. BRAILSFORD	Director
SUSAN CROWN	Director
H. RICHARD CROWTHER	Director
ROBERT C. MCCORMACK	Director
PHILLIP B. ROONEY	Director
HAROLD B. SMITH	Director
ORMAND J. WADE	Director

By /s/ W. JAMES FARRELL
(W. James Farrell,
as Attorney-in-Fact)

Original powers of attorney authorizing W. James Farrell to sign this Annual Report on Form 10-K and amendments thereto on behalf of the above-named directors of the registrant have been filed with the Securities and Exchange Commission as part of this Annual Report on Form 10-K (Exhibit 24).

EXHIBIT INDEX

ANNUAL REPORT on FORM 10-K
1999

Exhibit Number	Description
3(a)	— Restated Certificate of Incorporation of Illinois Tool Works Inc., as amended, filed as Exhibit 3(a) to the Company's Quarterly Report on Form 10-Q for the quarterly period ended March 31, 1997 (Commission File No. 1-4797) and incorporated herein by reference.
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4(b)	— First Supplemental Indenture, dated as of May 1, 1990 between Illinois Tool Works Inc. and Harris Trust and Savings Bank, as Trustee, filed as Exhibit 4-3 to the Company's Post-Effective Amendment No. 1 to Registration Statement on Form S-3 (Registration No. 33-5780) filed with the Securities and Exchange Commission on May 8, 1990 and incorporated herein by reference.
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4(d)	— Form of 5¾% Notes due March 1, 2009, filed as Exhibit 4 to the Company's Current Report on Form 8-K dated February 24, 1999 and incorporated herein by reference.
4(e)	— Form of Indenture (Revised) in connection with Premark International, Inc.'s Form S-3 Registration Statement No. 33-35137 and Form S-3 Registration Statement No. 333-62105 (Exhibit 4.2 to the Premark International, Inc.'s Annual Report on Form 10-K for the year ended December 28, 1996.)
10(a)	— Illinois Tool Works Inc. 1996 Stock Incentive Plan dated February 16, 1996, as amended on December 12, 1997 and October 29, 1999, filed as Exhibit 10(a) to the Company's Quarterly Report on Form 10-Q for the quarterly period ended September 30, 1999 (Commission File No. 1-4797) and incorporated herein by reference.
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10(f)	— Supplemental Plan for Employees of Illinois Tool Works Inc., effective January 1, 1989, filed as Exhibit 10(d) to the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 1989 (Commission File No. 1-4797) and incorporated herein by reference.
10(g)	— Non-officer directors' restricted stock program, and non-officer directors' phantom stock plan, descriptions of which are under the caption "Directors' Compensation" in the Company's Proxy Statement for the 2000 Annual Meeting of Stockholders.
10(h)	— Illinois Tool Works Inc. Outside Directors' Deferred Fee Plan dated December 12, 1980, filed as Exhibit 10(h) to the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 1997 (Commission File No. 1-4797) and incorporated herein by reference.
10(i)	— Illinois Tool Works Inc. Phantom Stock Plan for Non-officer Directors, filed as Exhibit 10(e) to the Company's Quarterly Report on Form 10-Q for the quarterly period ended June 30, 1996 (Commission File No. 1-4797) and incorporated herein by reference.
10(j)	— Underwriting Agreement dated February 23, 1993, related to the 5⅞% Notes due March 1, 2000, filed as Exhibit 10(j) to the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 1992 (Commission File No. 1-4797) and incorporated herein by reference.
10(k)	— Illinois Tool Works Inc. Executive Contributory Retirement Income Plan effective January 1, 1999, filed as Exhibit 10(k) to the company's Annual Report on Form 10-K for the fiscal year ended December 31, 1998 (Commission File No. 1-4797) and incorporated herein by reference.
10(l)	— Agreement and Plan of Merger dated as of September 9, 1999 among Premark International, Inc., Illinois Tool Works Inc. and CS Merger Sub Inc., filed as Annex A to the Company's Registration Statement on Form S-4 (Registration Statement No. 333-88801) filed with the Securities and Exchange Commission on October 12, 1999 and incorporated herein by reference.
10(m)	— Stock Option Agreement dated as of September 9, 1999 between Premark International, Inc. and Illinois Tool Works Inc., filed as Exhibit 99.1 to Premark's Current Report on Form 8-K dated September 13, 1999 (File No. 1-9256), and incorporated herein by reference.
10(n)	— Underwriting Agreement dated February 19, 1999, related to the 5¾% Notes due March 1, 2009, filed as Exhibit 1 to the Company's Current Report on Form 8-K dated February 24, 1999 and incorporated herein reference.
10(o)	— Illinois Tool Works Inc. Non-officer Directors' Fee Conversion Plan adopted February 19, 1999, filed as Exhibit 10(m) to the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 1998 (Commission File No. 1-4797) and incorporated herein by reference.
10(p)	— Premark International, Inc. 1994 Incentive Plan, as amended and restated effective May 5, 1999, filed as Exhibit 10.14 to the Company's Registration Statement on Form S-4 (Registration Statement No. 333-88801) filed with the Securities and Exchange Commission on October 12, 1999 and incorporated herein by reference.
10(q)	— Premark International, Inc. Supplemental Plan, as amended and restated effective January 1, 1999, filed as Exhibit 10.15 to the Company's Registration Statement on Form S-4 (Registration Statement No. 333-88801) filed with the Securities and Exchange Commission on October 12, 1999 and incorporated herein by reference.
10(r)	— Letter of Understanding dated November 11, 1999, by and between James M. Ringler and Illinois Tool Works Inc. filed as Exhibit 10.1 to the Company's Current Report on Form 8-K dated November 11, 1999 (Commission File No. 1-4797) and incorporated herein by reference.

10(s) — Executive Noncompetition Agreement dated November 11, 1999, by and between James M. Ringler and Illinois Tool Works Inc. filed as Exhibit 10.2 to the Company's Current Report on Form 8-K dated November 11, 1999 (Commission File No. 1-4797) and incorporated herein by reference.

13(a) — The Company's 1999 Annual Report to Stockholders, pages 21 — 45.

13(b) — Report of Ernst & Young LLP.

21 — Subsidiaries and Affiliates of the Company.

23(a) — Consent of Arthur Andersen LLP.

23(b) — Consent of Ernst & Young LLP.

24 — Powers of Attorney.

27 — Financial Data Schedule.

99 — Description of the capital stock of Illinois Tool Works Inc., filed as Exhibit 99 to the Company's Quarterly Report of Form 10-Q for the quarterly period ended March 31, 1997 (Commission File No. 1-4797) and incorporated herein by reference.

Copies of such exhibits will be furnished to stockholders of the Company upon written request addressed to the Secretary of the Company at the address given on the cover of this Form 10-K. The charge for copies of the exhibits is twenty-five cents per page.

ITW

This statement has been printed on recycled paper.

UNITED STATES SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-K

(Mark One)

[X] **ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the fiscal year ended December 31, 1997

OR

[ ] **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from _____ to _____

Commission file number 1-4797

ILLINOIS TOOL WORKS INC.

(Exact Name of Registrant as Specified in its Charter)

Delaware (State or Other Jurisdiction of Incorporation or Organization)	**36-1258310** (I.R.S. Employer Identification No.)
3600 W. Lake Avenue, Glenview, Illinois (Address of Principal Executive Offices)	**60025-5811** (Zip Code)

Registrant's telephone number, including area code: **(847) 724-7500**

Securities registered pursuant to Section 12(b) of the Act:

Title of Each Class	Name of Each Exchange on Which Registered
Common Stock	New York Stock Exchange Chicago Stock Exchange

Securities registered pursuant to Section 12(g) of the Act: None

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes X No ___

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. ☐

The aggregate market value of the voting stock held by non-affiliates of the registrant as of March 10, 1998, was approximately $11,300,000,000.

Shares of Common Stock outstanding at March 10, 1998 — 249,760,628.

Documents Incorporated by Reference

1997 Annual Report to Stockholders ..... Parts I, II, IV
Proxy Statement dated March 26, 1998 for Annual Meeting of Stockholders to be held on May 8, 1998 ..... Part III

PART I

ITEM 1. *Business*

General

Illinois Tool Works Inc. (the "Company") was founded in 1912 and incorporated in 1915. The Company manufactures and markets a variety of products and systems that provide specific, problem-solving solutions for a diverse customer base worldwide. The Company has more than 365 operations in 34 countries. The Company's business units are divided into three segments: Engineered Components, Industrial Systems and Consumables, and Leasing and Investments. Products in the Company's Engineered Components Segment include short lead-time components and fasteners primarily for automotive, construction and general industrial applications. This segment also manufactures specialty products such as adhesives and static-control equipment. Industrial Systems and Consumables products include longer lead-time machinery and related consumables primarily for food and beverage, construction, automotive and general industrial markets. They also manufacture specialty products for applications such as industrial spray coating and quality measurement. The Leasing and Investment segment makes investments that utilize the Company's cash flow, including mortgage-related investments, leveraged and direct financing leases of equipment, investments in properties and property developments, and affordable housing investments.

In the first quarter of 1993, the Company acquired the Miller Group Ltd. ("Miller"), a manufacturer of arc welding equipment, through an exchange of ITW voting Common Stock for all of the voting Common Stock of Miller. In early 1996, the Company acquired all of the voting stock of Hobart Brothers Company ("Hobart"), a manufacturer of welding products, in exchange for shares of ITW voting common stock. As a result, the Miller and Hobart acquisitions have been accounted for as poolings of interests in conformity with Generally Accepted Accounting Principles, specifically paragraphs 46 through 48 of Accounting Principles Board Opinion ("APB") No. 16. Accordingly, the results of operations for Miller and Hobart have been included in the Statement of Income as of the beginning of 1993 and 1996, respectively. The impact of Miller and Hobart on consolidated operating revenues, net income and net income per share was not significant. Therefore, the 1992 and 1995 financial statements have not been restated to reflect the acquisitions of Miller and Hobart, respectively.

In late 1996, the Company acquired all of the outstanding common stock of Azon Limited ("Azon"), an Australian manufacturer of strapping and other industrial products. The acquisition has been accounted for as a purchase, and accordingly, the acquired net assets have been recorded at their estimated fair values at the date of acquisition. The results of operations have been included in the Statement of Income from the acquisition date, except for the Azon businesses which were expected to be sold, which were not consolidated at December 31, 1996. During 1997, the Company disposed of the majority of the Azon businesses which were expected to be sold. Based on the assumption that the Azon acquisition had occurred on January 1, 1996 or January 1, 1995, the Company's pro forma operating revenues, net income and net income per share would not have been significantly different.

During the five-year period ending December 31, 1997, the Company acquired and disposed of numerous other operations which did not materially impact consolidated results.

Current Year Developments

Refer to pages 18 through 22, Management's Discussion and Analysis, in the Company's 1997 Annual Report to Stockholders.

Financial Information about Industry Segments

The percentage contributions to operating revenues for the last three years by industry segment are as follows:

	Engineered Components	Industrial Systems and Consumables	Leasing and Investments
1997	42%	56%	2%
1996	43%	56%	1%
1995	42%	57%	1%

Segment and geographic data are included on pages 18 through 20 and 26 of the Company's 1997 Annual Report to Stockholders.

The principal markets served by the Company's two manufacturing segments are as follows:

	% of Operating Revenues	
	Engineered Components	Industrial Systems and Consumables
Automotive	39%	11%
Construction	29%	13%
General Industrial	14%	27%
Food and Beverage	—%	16%
Industrial Capital Goods	3%	7%
Consumer Durables	9%	3%
Paper Products	—	7%
Electronics	4%	4%
Other	2%	12%
	100%	100%

Operating results of the segments are described on pages 18 through 20 and 26 of the Company's 1997 Annual Report to Stockholders.

Backlog

Backlog generally is not considered a significant factor in the Company's businesses as relatively short delivery periods and rapid inventory turnover are characteristic of many of its products.

Backlog by manufacturing segment as of December 31, 1997 and 1996 is summarized as follows:

	Backlog in Thousands of Dollars		
	Engineered Components	Industrial Systems and Consumables	Total
1997	$265,000	$231,000	$496,000
1996	$238,000	$221,000	$459,000

Backlog orders scheduled for shipment beyond calendar year 1998 were not material in either manufacturing segment as of December 31, 1997.

The information set forth below is equally applicable to all industry segments of the Company unless otherwise noted.

Competition

The Company's global competitive environment is complex because of the wide diversity of products the Company manufactures and the markets it serves. Depending on the product or market, the Company may compete with a few other companies or with many others, some of which may be the Company's own licensees.

The Company is a leading producer of plastic and metal components, fasteners and assemblies; industrial fluids and adhesives; tooling for specialty applications; welding products; packaging systems and related consumables; industrial spray coating and static control equipment and systems; and quality assurance equipment and systems.

Raw Materials

The Company uses raw materials of various types, primarily metals and plastics that are available from numerous commercial sources. The availability of materials and energy has not resulted in any business interruptions or other major problems, nor are any such problems anticipated.

Research and Development

The Company's growth has resulted from developing new and improved products, broadening the application of established products, continuing efforts to improve and develop new methods, processes and equipment, and from acquisitions. Many new products are designed to reduce customers' costs by eliminating steps in their manufacturing processes, reducing the number of parts in an assembly, or by improving the quality of customers' assembled products. Typically, the development of such products is accomplished by working closely with customers on specific applications. Identifiable research and development costs are set forth on page 27 of the Company's 1997 Annual Report to Stockholders. Research and development expenditures in 1997 in local currencies were consistent with 1996, however U.S. dollar expenditures decreased in 1997 as a result of the negative impact of foreign currencies against the U.S. dollar.

The Company owns approximately 1,770 unexpired United States patents covering articles, methods and machines. Many counterparts of these patents have also been obtained in various foreign countries. In addition, the Company has approximately 333 applications for patents pending in the United States Patent Office, but there is no assurance that any patent will be issued. The Company maintains an active patent department for the administration of patents and processing of patent applications.

The Company believes that many of its patents are valuable and important. Nevertheless, the Company credits its leadership in the markets it serves to engineering capability; manufacturing techniques, skills and efficiency; marketing and sales promotion; and service and delivery of quality products to its customers.

Trademarks

Many of the Company's products are sold under various trademarks owned or licensed by the Company. Among the most significant are: ITW, Apex, Buildex, Deltar, Devcon, DeVilbiss, Fastex, Hi-Cone, Hobart, Keps, Magnaflux, Miller, Minigrip, Newtec, Oxo, Paktron, Paslode, Powcon, Ramset, Ransburg, Red Head, Shakeproof, Signode, Teks, Tenax and Zip-Pak.

Environmental

The Company believes that its plants and equipment are in substantial compliance with applicable environmental regulations. Additional measures to maintain compliance are not expected to materially affect the Company's capital expenditures, competitive position, financial position or results of operations.

Various legislative and administrative regulations concerning environmental issues have become effective or are under consideration in many parts of the world relating to manufacturing processes, and the sale or use of certain products. To date, such developments have not had a substantial adverse impact on the Company's sales or earnings. The Company has made considerable efforts to develop and sell environmentally compatible products resulting in new and expanding marketing opportunities.

Employees

The Company employed approximately 25,700 persons as of December 31, 1997 and considers its employee relations to be excellent.

International

The Company's international operations include subsidiaries, joint ventures and licensees in 34 countries on six continents. These operations serve such markets as automotive, food and beverage, construction, general industrial, industrial capital goods and others on a worldwide basis. The Company's international subsidiaries contributed approximately 36% of operating revenues in 1997 and 1996.

Refer to pages 18 through 22 in the Company's 1997 Annual Report to Stockholders for additional information on international activities. International operations are subject to certain risks inherent in conducting business in foreign countries, including price controls, exchange controls, limitations on participation in local enterprises, nationalization, expropriation and other governmental action, and changes in currency exchange rates.

Year 2000

Refer to page 22 in the Company's 1997 Annual Report to Stockholders for discussion of the effect on the Company of the Year 2000 computer issue.

Executive Officers

Executive Officers of the Company as of March 23, 1998:

Name	Office	Age
Thomas W. Buckman	Vice President, Patents and Technology	60
W. James Farrell	Chairman and Chief Executive Officer	55
Russell M. Flaum	Executive Vice President	47
Michael W. Gregg	Senior Vice President and Controller, Accounting	62
Thomas J. Hansen	Executive Vice President	49
Stewart S. Hudnut	Senior Vice President, General Counsel and Secretary	58
John Karpan	Senior Vice President, Human Resources	57
Jon C. Kinney	Senior Vice President and Chief Financial Officer	55
Dennis J. Martin	Executive Vice President	47
Frank S. Ptak	Vice Chairman	54
F. Ronald Seager	Executive Vice President	57
Harold B. Smith	Chairman of the Executive Committee	64
David B. Speer	Executive Vice President	46
Allan C. Sutherland	Senior Vice President	34
Donald L. VanErden	Vice President, Research and Advanced Development	62
Hugh J. Zentmeyer	Executive Vice President	51

Except for Messrs. Hansen, Kinney, Martin, Speer, Sutherland, and Zentmeyer, each of the foregoing officers has been employed by the Company in various elected executive capacities for more than five years. The executive officers of the Company serve at the pleasure of the Board of Directors. Mr. Hansen joined the Company in 1980 and has held various management positions within the Company's Engineered Components segment. Mr. Kinney joined the Company in 1973 and has served as Vice President and Controller, Operations, and Group Controller of several of the Company's businesses. Mr. Martin joined the Company in 1991 and has held several management positions in the Industrial Systems and Consumables segment. Mr. Speer joined the Company in 1978 and has held various sales, marketing and general management positions within the Engineered Components segment. Mr. Sutherland joined the Company in 1993 after serving as a senior tax manager with Ernst & Young and has served the Company in various capacities, most recently as Vice President of Leasing and Investments. Mr. Zentmeyer joined Signode Corporation (which was acquired by the Company in 1986) in 1968 and has held various management positions in the Industrial Systems and Consumables segment.

ITEM 2. *Properties*

As of December 31, 1997 the Company operated the following plants and office facilities, excluding regional sales offices and warehouse facilities:

	Number of Properties	Floor Space		
		Owned	Leased	Total
		(in millions of square feet)		
Domestic —				
Engineered Components	103	4.1	2.0	6.1
Industrial Systems and Consumables	85	3.6	1.7	5.3
Leasing and Investments	20	.9	.1	1.0
	208	8.6	3.8	12.4
International —				
Engineered Components	69	1.8	.6	2.4
Industrial Systems and Consumables	66	2.6	.9	3.5
	135	4.4	1.5	5.9
Corporate	12	1.3	—	1.3
	355	14.3	5.3	19.6

The principal international plants are in Australia, Belgium, Canada, France, Germany, Ireland, Italy, Japan, Malaysia, Spain, Sweden, Switzerland and the United Kingdom.

The Company's properties are primarily of steel, brick or concrete construction and are maintained in good operating condition. Productive capacity, in general, currently exceeds operating levels. Capacity levels are somewhat flexible based on the number of shifts operated and on the number of overtime hours worked. The Company adds productive capacity from time to time as required by increased demand. Additions to capacity can be made within a reasonable period of time due to the nature of the businesses.

ITEM 3. *Legal Proceedings*

Not applicable.

ITEM 4. *Submission of Matters to a Vote of Security Holders*

Not applicable.

PART II

ITEM 5. *Market for the Registrant's Common Equity and Related Stockholder Matters*

This information is incorporated by reference to page 39 of the Company's 1997 Annual Report to Stockholders.

ITEM 6. *Selected Financial Data*

This information is incorporated by reference to pages 40 and 41 of the Company's 1997 Annual Report to Stockholders.

ITEM 7. *Management's Discussion and Analysis of Financial Condition and Results of Operations*

This information is incorporated by reference to pages 18 through 22 of the Company's 1997 Annual Report to Stockholders.

ITEM 7A. *Quantitative and Qualitative Disclosures about Market Risk*

This information is incorporated by reference to page 22 of the Company's 1997 Annual Report to Stockholders.

ITEM 8. *Financial Statements and Supplementary Data*

The financial statements and report thereon of Arthur Andersen LLP dated January 27, 1998, as found on pages 23 through 38 and supplementary data on page 39 of the Company's 1997 Annual Report to Stockholders, are incorporated by reference.

ITEM 9. *Changes in and Disagreements with Accountants on Accounting and Financial Disclosure*

Not applicable.

PART III

ITEM 10. *Directors and Executive Officers of the Company*

Information regarding the Directors of the Company is incorporated by reference to the information under the caption "Election of Directors" in the Company's Proxy Statement for the 1998 Annual Meeting of Stockholders.

Information regarding the Executive Officers of the Company can be found in Part I of this Annual Report on Form 10-K on page 4.

ITEM 11. *Executive Compensation*

This information is incorporated by reference to the information under the caption "Executive Compensation" in the Company's Proxy Statement for the 1998 Annual Meeting of Stockholders.

ITEM 12. *Security Ownership of Certain Beneficial Owners and Management*

This information is incorporated by reference to the information under the caption "Security Ownership" in the Company's Proxy Statement for the 1998 Annual Meeting of Stockholders.

ITEM 13. *Certain Relationships and Related Transactions*

Dennis J. Martin, Executive Vice President, had an non-interest bearing relocation loan outstanding in 1997. The maximum amount of the loan outstanding in 1997 was $107,000, which by March 26, 1998 had been reduced to $50,000.

Frank S. Ptak, Vice Chairman, had loans bearing interest at a rate of 5.91% per annum related to stock transactions outstanding in 1997. The maximum amount of the loan outstanding in 1997 was $63,675, which by February 28, 1998, had been reduced to $60,593.

Additional information is incorporated by reference to the information under the captions "Directors Compensation" and "Executive Compensation" in the Company's Proxy Statement for the 1998 Annual Meeting of Stockholders.

PART IV

ITEM 14. ***Exhibits, Financial Statement Schedules, and Reports on Form 8-K***

(a) (1) Financial Statements

The financial statements and report thereon of Arthur Andersen LLP dated January 27, 1998 as found on pages 23 through 39 of the Company's 1997 Annual Report to Stockholders, are incorporated by reference.

(2) Financial Statement Schedule

The following supplementary financial data should be read in conjunction with the financial statements and notes thereto as presented in the Company's 1997 Annual Report to Stockholders. Schedules not included with this supplementary financial data have been omitted because they are not applicable, immaterial or the required information is included in the financial statements or the related notes to financial statements.

	Schedule No.	Page No.
Valuation and Qualifying Accounts	II	10

(3) Exhibits

(i) See the Exhibit Index on page 11 of this Form 10-K.

(ii) Pursuant to Regulation S-K, Item 601(b)(4)(iii), the Company has not filed with Exhibit 4 any debt instruments for which the total amount of securities authorized thereunder are less than 10% of the total assets of the Company and its subsidiaries on a consolidated basis as of December 31, 1997, with the exception of the agreements related to the 7½% and 5⅞% Notes, which are filed with Exhibit 4. The Company agrees to furnish a copy of the agreements related to the debt instruments which have not been filed with Exhibit 4 to the Securities and Exchange Commission upon request.

(b) Reports on Form 8-K

No reports on Form 8-K have been filed during the three months ended December 31, 1997.

REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS ON SCHEDULE

To Illinois Tool Works Inc.:

We have audited, in accordance with generally accepted auditing standards, the financial statements included in Illinois Tool Works Inc.'s 1997 Annual Report to Stockholders, incorporated by reference in this Form 10-K, and have issued our report thereon dated January 27, 1998. Our audits were made for the purpose of forming an opinion on those statements taken as a whole. The schedule listed in the accompanying index is the responsibility of the Company's management and is presented for the purpose of complying with the Securities and Exchange Commission's rules and is not part of the basic financial statements. The schedule has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, fairly states in all material respects the financial data required to be set forth therein in relation to the basic financial statements taken as a whole.

ARTHUR ANDERSEN LLP

Chicago, Illinois,
January 27, 1998

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized on this 27th day of March 1998.

ILLINOIS TOOL WORKS INC.

By /s/ W. JAMES FARRELL
W. James Farrell
Director, Chairman and Chief Executive Officer

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed by the following persons on behalf of the registrant and in the capacities indicated on this 27th day of March 1998.

Signatures	Title
/s/ JON C. KINNEY Jon C. Kinney	Senior Vice President and Chief Financial Officer, (Principal Accounting and Financial Officer)
MICHAEL J. BIRCK	Director
MARVIN D. BRAILSFORD	Director
SUSAN CROWN	Director
H. RICHARD CROWTHER	Director
W. JAMES FARRELL	Director
L. RICHARD FLURY	Director
ROBERT C. MCCORMACK	Director
PHILLIP B. ROONEY	Director
HAROLD B. SMITH	Director
ORMAND J. WADE	Director

By /s/ W. JAMES FARRELL
(W. James Farrell
as Attorney-in-Fact)

Original powers of attorney authorizing W. James Farrell to sign this Annual Report on Form 10-K and amendments thereto on behalf of the above-named directors of the registrant have been filed with the Securities and Exchange Commission as part of this Annual Report on Form 10-K (Exhibit 24).

SCHEDULE II

ILLINOIS TOOL WORKS INC.

VALUATION AND QUALIFYING ACCOUNTS
For the Years Ended December 31, 1995, 1996, and 1997

				Deductions			
	Balance at Beginning of Period	Provisions Charged to Income	Acquisitions	Receivables Written off, Net of Recoveries	Dispositions	(1) Other	Balance at End of Period
				(In thousands)			
Year Ended December 31, 1995:							
Allowance for uncollectible accounts..	19,600	6,889	2,672	(5,763)	(414)	516	23,500
Year Ended December 31, 1996:							
Allowances for uncollectible accounts..	23,500	4,451	4,836	(10,319)	111	(179)	22,400
Year Ended December 31, 1997:							
Allowance for uncollectible accounts..	22,400	6,268	989	(5,639)	—	(3,218)	20,800

(1) Includes the effects of foreign currency translation and other reserve adjustments.

EXHIBIT INDEX

ANNUAL REPORT on FORM 10-K
1997

Exhibit Number	Description
3(a)	— Restated Certificate of Incorporation of Illinois Tool Works Inc., as amended, filed as Exhibit 3(a) to the Company's Quarterly Report on Form 10-Q for the quarterly period ended March 31, 1997 (Commission File No. 1-4797) and incorporated herein by reference.
3(b)	— By-laws of Illinois Tool Works Inc., as amended, filed as Exhibit 3(b) to the Company's Quarterly Report on Form 10-Q for the quarterly period ended March 31, 1997 (Commission File No. 1-4797) and incorporated herein by reference.
4(a)	— Indenture, dated as of November 1, 1986, between Illinois Tool Works Inc. and The First National Bank of Chicago, as Trustee, filed as Exhibit 4 to the Company's Registration Statement on Form S-3 (Registration Statement No. 33-5780) filed with the Securities and Exchange Commission on May 14, 1986 and incorporated herein by reference.
4(b)	— Resignation of Trustee and Appointment of Successor under Indenture (Exhibit 4(a)), filed as Exhibit 4(b) to the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 1989 (Commission File No. 1-4797) and incorporated herein by reference.
4(c)	— First Supplemental Indenture, dated as of May 1, 1990 between Illinois Tool Works Inc. and Harris Trust and Savings Bank, as Trustee, filed as Exhibit 4-3 to the Company's Post-Effective Amendment No. 1 to Registration Statement on Form S-3 (Registration No. 33-5780) filed with the Securities and Exchange Commission on May 8, 1990 and incorporated herein by reference.
4(d)	— Officers' Certificate Pursuant to Sections 2.01 and 2.04 of the Indenture (Exhibit 4(a) as amended by Exhibit 4(c)) related to the 5⅞% Notes due March 1, 2000, filed as Exhibit 4(e) to the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 1992 (Commission File No. 1-4797) and incorporated herein by reference.
4(e)	— Form of 7½% Notes due December 1, 1998, filed as Exhibit 4 to the Company's Current Report on Form 8-K dated December 2, 1991 and incorporated herein by reference.
4(f)	— Form of 5⅞% Notes due March 1, 2000, filed as Exhibit 4(f) to the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 1992 (Commission File No. 1-4797) and incorporated herein by reference.
10(a)	— Illinois Tool Works Inc. 1996 Stock Incentive Plan, dated February 16, 1996, as amended on December 12, 1997.
10(b)	— Illinois Tool Works Inc. 1982 Executive Contributory Retirement Income Plan adopted December 13, 1982, filed as Exhibit 10(c) to the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 1990 (Commission File No. 1-4797) and incorporated herein by reference.
10(c)	— Illinois Tool Works Inc. 1985 Executive Contributory Retirement Income Plan adopted December 1985, filed as Exhibit 10(d) to the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 1990 (Commission File No. 1-4797) and incorporated herein by reference.
10(d)	— Amendment to the Illinois Tool Works Inc. 1985 Executive Contributory Retirement Income Plan dated May 1, 1996, filed as Exhibit 10(c) to the Company's Quarterly Report on Form 10-Q for the quarterly period ended June 30, 1996 (Commission File No. 1-4797) and incorporated herein by reference.
10(e)	— Illinois Tool Works Inc. Executive Incentive Plan adopted February 16, 1996, filed as Exhibit 10(a) to the Company's Quarterly Report on Form 10-Q for the quarterly period ended June 30, 1996 (Commission File No. 1-4797) and incorporated herein by reference.
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10(h)	— Illinois Tool Works Inc. Outside Directors' Deferred Fee Plan dated December 12, 1980.
10(i)	— Illinois Tool Works Inc. Phantom Stock Plan for Non-officer Directors, filed as Exhibit 10(e) to the Company's Quarterly Report on Form 10-Q for the quarterly period ended June 30, 1996 (Commission File No. 1-4797) and incorporated herein by reference.
10(j)	— Underwriting Agreement dated November 20, 1991, related to the 7½% Notes due December 1, 1998, filed as Exhibit 1 to the Company's Current Report on Form 8-K dated December 2, 1991 and incorporated herein by reference.
10(k)	— Underwriting Agreement dated February 23, 1993, related to the 5⅞% Notes due March 1, 2000, filed as Exhibit 10(j) to the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 1992 (Commission File No. 1-4797) and incorporated herein by reference.
10(l)	— Illinois Tool Works Inc. 1993 Executive Contributory Retirement Income Plan, filed as Exhibit 10(a) to the Company's Quarterly Report on Form 10-Q for the quarterly period ended March 31, 1993 (Commission File No. 1-4797) and incorporated herein by reference.
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10(n)	— Amendment to the Illinois Tool Works Inc. 1993 Executive Contributory Retirement Income Plan dated June 24, 1996, filed as Exhibit 10(d) to the Company's Quarterly Report on Form 10-Q for the quarterly period ended June 30, 1996 (Commission File No. 1-4797) and incorporated herein by reference.
13	— The Company's 1997 Annual Report to Stockholders, pages 18 — 41.
21	— Subsidiaries and Affiliates of the Company.
22	— Information under the captions "Election of Directors," "Executive Compensation" and "Security Ownership" in the Company's Proxy Statement for the 1998 Annual Meeting of Stockholders.
23	— Consent of Arthur Andersen LLP.
24	— Powers of Attorney.
27	— Financial Data Schedule.
99	— Description of the capital stock of Illinois Tool Works Inc., filed as Exhibit 99 to the Company's Quarterly Report of Form 10-Q for the quarterly period ended March 31, 1997 (Commission File No. 1-4797) and incorporated herein by reference.

Copies of such exhibits will be furnished to stockholders of the Company upon written request addressed to the Secretary of the Company at the address given on the cover of this Form 10-K. The charge for copies of the exhibits is twenty-five cents per page.

ITW

This report has been printed on recycled paper.

UNITED STATES SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-K

(Mark One)

[X] **ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934 (FEE REQUIRED)**

For the fiscal year ended December 31, 1996

OR

[ ] **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934 (NO FEE REQUIRED)**

For the transition period from _____ to _____

Commission file number 1-4797

ILLINOIS TOOL WORKS INC.

(Exact Name of Registrant as Specified in its Charter)

Delaware (State or Other Jurisdiction of Incorporation or Organization)	**36-1258310** (I.R.S. Employer Identification No.)
3600 W. Lake Avenue, Glenview, Illinois (Address of Principal Executive Offices)	**60025-5811** (Zip Code)

Registrant's telephone number, including area code: **(847) 724-7500**

Securities registered pursuant to Section 12(b) of the Act:

Title of Each Class	Name of Each Exchange on Which Registered
Common Stock	New York Stock Exchange Chicago Stock Exchange

Securities registered pursuant to Section 12(g) of the Act: None

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes X No ___

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. ☐

The aggregate market value of the voting stock held by non-affiliates of the registrant as of March 11, 1997, was approximately $8,000,000,000.

Shares of Common Stock outstanding at March 11, 1997 — 124,531,549.

Documents Incorporated by Reference

1996 Annual Report to Stockholders ..... Parts I, II, IV
Proxy Statement dated March 25, 1997, for Annual Meeting of Stockholders to be held on May 9, 1997 ..... Part III

PART I

ITEM 1. *Business*

General

Illinois Tool Works Inc. (the "Company") was founded in 1912 and incorporated in 1915. The Company manufactures and markets a variety of products and systems that provide specific, problem-solving solutions for a diverse customer base worldwide. The Company has more than 365 operations in 34 countries. The Company's business units are divided into three segments: Engineered Components, Industrial Systems and Consumables, and Leasing and Investments. Products in the Company's Engineered Components segment include short lead-time plastic and metal components, fasteners and assemblies; industrial fluids and adhesives; fastening tools; and welding products. Industrial Systems and Consumables' products include longer lead-time systems and related consumables for consumer and industrial packaging; marking, labeling and identification systems; industrial spray coating equipment and systems; and quality assurance equipment and systems. Leasing and Investments' activities consist of making opportunistic investments that optimally utilize the Company's cash flow and provide high returns.

In the first quarter of 1993, the Company acquired the Miller Group Ltd.("Miller"), a manufacturer of arc welding equipment, through an exchange of ITW voting Common Stock for all of the voting Common Stock of Miller. In early 1996, the Company acquired all of the voting stock of Hobart Brothers Company ("Hobart"), a manufacturer of welding products, in exchange for shares of ITW voting common stock. As a result, the Miller and Hobart acquisitions have been accounted for as poolings of interests in conformity with Generally Accepted Accounting Principles, specifically paragraphs 46 through 48 of Accounting Principles Board Opinion ("APB") No. 16. The impact of Miller and Hobart on consolidated operating revenues, net income and net income per share was not significant. Therefore, the 1992 and 1995 financial statements have not been restated to reflect the acquisitions of Miller and Hobart, respectively. The results of operations for Miller and Hobart have been included in the Statement of Income as of the beginning of 1993 and 1996, respectively.

In late 1996, the Company acquired all of the outstanding common stock of Azon Limited ("Azon"), an Australian manufacturer of strapping and other industrial products. The acquisition has been accounted for as a purchase, and accordingly, the acquired net assets have been recorded at their estimated fair values at the date of acquisition. The results of operations have been included in the Statement of Income from the acquisition date, except for the Azon businesses which are expected to be sold, which have not been consolidated. Based on the assumption that the Azon acquisition had occurred on January 1, 1996 or January 1, 1995, the Company's pro forma operating revenues, net income and net income per share would not have been significantly different.

During the five-year period ending December 31, 1996, the Company acquired and disposed of numerous other operations which did not materially impact consolidated results.

Current Year Developments

Refer to pages 20 through 23, Management's Discussion and Analysis, in the Company's 1996 Annual Report to Stockholders.

Financial Information about Industry Segments

The percentage contributions to operating revenues for the last three years by industry segment are as follows:

	Engineered Components	Industrial Systems and Consumables	Leasing and Investments
1996	55%	44%	1%
1995	50%	49%	1%
1994	53%	47%	—

Segment and geographic data are included on pages 20 through 22 and 38 of the Company's 1996 Annual Report to Stockholders.

The principal markets served by the Company's two manufacturing segments are as follows:

	% of Operating Revenues	
	Engineered Components	Industrial Systems and Consumables
Construction	30%	7%
Automotive	29%	9%
General Industrial	18%	27%
Food and Beverage	1%	21%
Industrial Capital Goods	4%	11%
Consumer Durables	7%	4%
Paper Products	—	9%
Electronics	7%	2%
Other	4%	10%
	100%	100%

Operating results of the segments are described on pages 20 through 22 and 38 of the Company's 1996 Annual Report to Stockholders.

Backlog

Backlog generally is not considered a significant factor in the Company's businesses as relatively short delivery periods and rapid inventory turnover are characteristic of many of its products.

Backlog by manufacturing segment as of December 31, 1996 and 1995 is summarized as follows:

	Backlog in Thousands of Dollars		
	Engineered Components	Industrial Systems and Consumables	Total
1996	$272,000	$187,000	$459,000
1995	$236,000	$213,000	$449,000

Backlog orders scheduled for shipment beyond calendar year 1997 were not material in either industry segment as of December 31, 1996.

The following information is equally applicable to all industry segments of the Company unless otherwise noted:

Competition

The Company's global competitive environment is complex because of the wide diversity of products the Company manufactures and the markets it serves. Depending on the product or market, the Company may

compete with a few other companies or with many others, some of which may be the Company's own licensees.

The Company is a leading producer of plastic and metal components, fasteners and assemblies; industrial fluids and adhesives; tooling for specialty applications; welding products; packaging systems and related consumables; industrial spray coating and static control equipment and systems; and quality assurance equipment and systems.

Raw Materials

The Company uses raw materials of various types, primarily metals and plastics that are available from numerous commercial sources. The availability of materials and energy has not resulted in any business interruptions or other major problems, nor are any such problems anticipated.

Research and Development

The Company's growth has resulted from developing new and improved products, broadening the application of established products, continuing efforts to improve and develop new methods, processes and equipment, and from acquisitions. Many new products are designed to reduce customers' costs by eliminating steps in their manufacturing processes, reducing the number of parts in an assembly, or by improving the quality of customers' assembled products. Typically, the development of such products is accomplished by working closely with customers on specific applications. Identifiable research and development costs determined in accordance with generally accepted accounting principles are set forth on page 27 of the Company's 1996 Annual Report to Stockholders.

The Company owns approximately 1,700 unexpired United States patents covering articles, methods and machines. Many counterparts of these patents have also been obtained in various foreign countries. In addition, the Company has approximately 355 applications for patents pending in the United States Patent Office, but there is no assurance that any patent will be issued. The Company maintains an active patent department for the administration of patents and processing of patent applications.

The Company licenses some of its patents to other companies, from which the Company collects royalties. The Company believes that many of its patents are valuable and important. Nevertheless, the Company credits its leadership in the markets it serves to engineering capability; manufacturing techniques, skills and efficiency; marketing and sales promotion; and service and delivery of quality products to its customers.

Trademarks

Many of the Company's products are sold under various trademarks owned or licensed by the Company. Among the most significant are: ITW, Signode, Apex, Buildex, Deltar, Devcon, DeVilbiss, Fastex, Hi-Cone, Hobart, Keps, Magnaflux, Miller, Minigrip, Newtec, Oxo, Paktron, Paslode, Powcon, Ramset, Ransburg, Red Head, Shakeproof, Teks, Tenax and ZipPak.

Environmental Compliance

The Company believes that its plants and equipment are in substantial compliance with applicable environmental regulations. Additional measures to maintain compliance are not expected to affect materially the Company's capital expenditures, competitive position, financial position or results of operations.

Various legislative and administrative regulations concerning environmental issues have become effective or are under consideration in many parts of the world relating to manufacturing processes, and the sale or use of certain products. To date, such developments have not had a substantial adverse impact on the Company's sales or earnings. The Company has made considerable efforts to develop and sell environmentally compatible products resulting in new and expanding marketing opportunities.

Employees

The Company employed approximately 24,400 persons as of December 31, 1996 and considers its employee relations to be excellent.

International

The Company's international operations include subsidiaries, joint ventures and licensees in 33 countries on six continents. These operations serve such markets as automotive, food and beverage, construction, general industrial, industrial capital goods and others on a worldwide basis. The Company's international subsidiaries contributed approximately 36% and 38% of operating revenues in 1996 and 1995, respectively.

Refer to pages 20 through 23 in the Company's 1996 Annual Report to Stockholders for additional information on international activities. International operations are subject to certain risks inherent in conducting business in foreign countries, including price controls, exchange controls, limitations on participation in local enterprises, nationalization, expropriation and other governmental action, and changes in currency exchange rates.

Executive Officers

Executive Officers of the Company as of March 11, 1997:

Name	Office	Age
Thomas W. Buckman	Vice President, Patents and Technology	59
W. James Farrell	Chairman and Chief Executive Officer	54
Russell M. Flaum	Executive Vice President	46
Michael W. Gregg	Senior Vice President and Controller, Accounting	61
Stewart S. Hudnut	Senior Vice President, General Counsel and Secretary	57
John Karpan	Senior Vice President, Human Resources	56
Jon C. Kinney	Senior Vice President and Controller, Operations	54
Dennis J. Martin	Executive Vice President	46
Frank S. Ptak	Vice Chairman	53
F. Ronald Seager	Executive Vice President	56
Harold B. Smith	Chairman of the Executive Committee	63
David B. Speer	Executive Vice President	45
Donald L. VanErden	Vice President, Research and Advanced Development	61
Hugh J. Zentmeyer	Executive Vice President	50

Except for Messrs. Kinney, Martin, Speer, and Zentmeyer, each of the foregoing officers has been employed by the Company in various elected executive capacities for more than five years. The executive officers of the Company serve at the pleasure of the Board of Directors. Mr. Kinney joined the Company in 1973 and has served as Vice President and Controller, Operations, and Group Controller of the Company's automotive, construction, finishing systems and quality measurement groups. Mr. Martin joined the Company in 1991 and has served as a general manager in the construction products group and has most recently served as President and Chief Operating Officer of the welding products group. Mr. Speer joined the Company in 1978 and has held various sales, marketing and general management positions within the construction products group, most recently having served as Group Vice President of the worldwide construction products group. Mr. Zentmeyer joined the Company as part of Signode Corporation in 1968 and has most recently served as President of the specialty industrial packaging businesses.

ITEM 2. *Properties*

As of December 31, 1996 the Company operated the following plants and office facilities, excluding regional sales offices and warehouse facilities:

	Number of Properties	Floor Space		
		Owned	Leased	Total
		(in millions of square feet)		
Domestic —				
Engineered Components	90	4.7	1.6	6.3
Industrial Systems and Consumables	94	3.0	1.7	4.7
Leasing and Investments	18	.7	.2	.9
	202	8.4	3.5	11.9
International —				
Engineered Components	67	1.5	.7	2.2
Industrial Systems and Consumables	64	2.7	.9	3.6
	131	4.2	1.6	5.8
Corporate	8	1.1	—	1.1
	341	13.7	5.1	18.8

The principal international plants are in Australia, Belgium, Canada, France, Germany, Ireland, Italy, Japan, Malaysia, Spain, Sweden, Switzerland and the United Kingdom.

The Company's properties are primarily of steel, brick or concrete construction and are maintained in good operating condition. Productive capacity, in general, currently exceeds operating levels. Capacity levels are somewhat flexible based on the number of shifts operated and on the number of overtime hours worked. The Company adds productive capacity from time to time as required by increased demand. Additions to capacity can be made within a reasonable period of time due to the nature of the businesses.

ITEM 3. *Legal Proceedings*

Not applicable.

ITEM 4. *Submission of Matters to a Vote of Security Holders*

Not applicable.

PART II

ITEM 5. *Market for the Registrant's Common Equity and Related Stockholder Matters*

This information is incorporated by reference to page 39 of the Company's 1996 Annual Report to Stockholders.

ITEM 6. *Selected Financial Data*

This information is incorporated by reference to pages 40 and 41 of the Company's 1996 Annual Report to Stockholders.

ITEM 7. *Management's Discussion and Analysis of Financial Condition and Results of Operations*

This information is incorporated by reference to pages 20 through 23 of the Company's 1996 Annual Report to Stockholders.

ITEM 8. ***Financial Statements and Supplementary Data***

The financial statements and report thereon of Arthur Andersen LLP dated January 28, 1997, together with other supplementary data, as found on pages 24 through 39 of the Company's 1996 Annual Report to Stockholders, are incorporated by reference.

ITEM 9. ***Changes in and Disagreements with Accountants on Accounting and Financial Disclosure***

Not applicable.

PART III

ITEM 10. ***Directors and Executive Officers of the Company***

Information regarding the Directors of the Company is incorporated by reference to the information under the caption "Election of Directors" in the Company's Proxy Statement for the 1997 Annual Meeting of Stockholders.

Information regarding the Executive Officers of the Company can be found in Part I of this Annual Report on Form 10-K on page 4.

ITEM 11. ***Executive Compensation***

This information is incorporated by reference to the information under the caption "Executive Compensation" in the Company's Proxy Statement for the 1997 Annual Meeting of Stockholders.

ITEM 12. ***Security Ownership of Certain Beneficial Owners and Management***

This information is incorporated by reference to the information under the caption "Security Ownership" in the Company's Proxy Statement for the 1997 Annual Meeting of Stockholders.

ITEM 13. ***Certain Relationships and Related Transactions***

Not applicable.

PART IV

ITEM 14. ***Exhibits, Financial Statement Schedules, and Reports on Form 8-K***

(a) (1) Financial Statements

The financial statements and report thereon of Arthur Andersen LLP dated January 28, 1997 as found on pages 24 through 39 of the Company's 1996 Annual Report to Stockholders, are incorporated by reference.

(2) Financial Statement Schedule

The following supplementary financial data should be read in conjunction with the financial statements and comments thereto as presented in the Company's 1996 Annual Report to Stockholders. Schedules not included with this supplementary financial data have been omitted because they are not applicable, immaterial or the required information is included in the financial statements or the related notes to financial statements.

	Schedule No.	Page No.
Valuation and Qualifying Accounts	II	10

(3) Exhibits

(i) See the Exhibit Index on page 11 of this Form 10-K.

(ii) Pursuant to Regulation S-K, Item 601(b)(4)(iii), the Company has not filed with Exhibit 4 any debt instruments for which the total amount of securities authorized thereunder are less than 10% of the total assets of the Company and its subsidiaries on a consolidated basis as of December 31, 1996, with the exception of the agreements related to the 7½% and 5⅞% Notes, which are filed with Exhibit 4. The Company agrees to furnish a copy of the agreements related to the debt instruments which have not been filed with Exhibit 4 to the Securities and Exchange Commission upon request.

(b) Reports on Form 8-K

No reports on Form 8-K have been filed during the three months ended December 31, 1996.

REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS ON SCHEDULE

To Illinois Tool Works Inc.:

We have audited, in accordance with generally accepted auditing standards, the financial statements included in Illinois Tool Works Inc.'s 1996 Annual Report to Stockholders, incorporated by reference in this Form 10-K, and have issued our report thereon dated January 28, 1997. Our audits were made for the purpose of forming an opinion on those statements taken as a whole. The schedule listed in the accompanying index is the responsibility of the Company's management and is presented for the purpose of complying with the Securities and Exchange Commission's rules and is not part of the basic financial statements. The schedule has been subjected to the auditing procedures applied in the audits of the basic financial statements and, in our opinion, fairly states in all material respects the financial data required to be set forth therein in relation to the basic financial statements taken as a whole.

ARTHUR ANDERSEN LLP

Chicago, Illinois,
January 28, 1997

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized on this 21st day of March 1997.

ILLINOIS TOOL WORKS INC.

By /s/ W. JAMES FARRELL
W. James Farrell
Director, Chairman and Chief Executive Officer

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed by the following persons on behalf of the registrant and in the capacities indicated on this 21st day of March 1997.

Signatures	Title
/s/ MICHAEL W. GREGG Michael W. Gregg	Senior Vice President and Controller, Accounting (Principal Accounting and Financial Officer)
JULIUS W. BECTON, JR.	Director
MICHAEL J. BIRCK	Director
MARVIN D. BRAILSFORD	Director
SUSAN CROWN	Director
H. RICHARD CROWTHER	Director
W. JAMES FARRELL	Director
L. RICHARD FLURY	Director
RICHARD M. JONES	Director
GEORGE D. KENNEDY	Director
RICHARD H. LEET	Director
ROBERT C. McCORMACK	Director
PHILLIP B. ROONEY	Director
HAROLD B. SMITH	Director
ORMAND J. WADE	Director

By /s/ W. JAMES FARRELL
(W. James Farrell
as Attorney-in-Fact)

Original powers of attorney authorizing W. James Farrell to sign this Annual Report on Form 10-K and amendments thereto on behalf of the above-named directors of the registrant have been filed with the Securities and Exchange Commission as part of this Annual Report on Form 10-K (Exhibit 24).

SCHEDULE II

ILLINOIS TOOL WORKS INC.

VALUATION AND QUALIFYING ACCOUNTS
For the Years Ended December 31, 1994, 1995, and 1996

				Deductions			
	Balance at Beginning of Period	Provisions Charged to Income	Acquisitions	Receivables Written off, Net of Recoveries	Dispositions	(1) Other	Balance at End of Period
				(In thousands)			
Year Ended December 31, 1994:							
Allowances for uncollectible accounts . . .	$18,000	$7,191	$1,234	$ (6,983)	$(131)	$ 289	$19,600
Year Ended December 31, 1995:							
Allowances for uncollectible accounts . . .	19,600	6,889	2,672	(5,763)	(414)	516	23,500
Year Ended December 31, 1996:							
Allowances for uncollectible accounts . . .	23,500	4,451	4,836	(10,319)	111	(179)	22,400

(1) Primarily represents effect of foreign currency translation.

EXHIBIT INDEX

ANNUAL REPORT on FORM 10-K
1996

Exhibit Number	Description
3(a)	— Restated Certificate of Incorporation of Illinois Tool Works Inc., as amended, filed as Exhibit 4(a) to the Company's Registration Statement on Form S-8 (Registration No. 33-53517) filed with the Securities and Exchange Commission on May 6, 1994 and incorporated herein by reference.
3(b)	— By-laws of Illinois Tool Works Inc., as amended, filed as Exhibit 4.3 to the Company's Registration Statement on Form S-8 (Registration Statement No. 333-17473) filed with the Securities and Exchange Commission on December 9, 1996, and incorporated herein by reference.
4(a)	— Indenture, dated as of November 1, 1986, between Illinois Tool Works Inc. and The First National Bank of Chicago, as Trustee, filed as Exhibit 4 to the Company's Registration Statement on Form S-3 (Registration Statement No. 33-5780) filed with the Securities and Exchange Commission on May 14, 1986 and incorporated herein by reference.
4(b)	— Resignation of Trustee and Appointment of Successor under Indenture (Exhibit 4(a)), filed as Exhibit 4(b) to the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 1989 (Commission File No. 1-4797) and incorporated herein by reference.
4(c)	— First Supplemental Indenture, dated as of May 1, 1990 between Illinois Tool Works Inc. and Harris Trust and Savings Bank, as Trustee, filed as Exhibit 4-3 to the Company's Post-Effective Amendment No. 1 to Registration Statement on Form S-3 (Registration No. 33-5780) filed with the Securities and Exchange Commission on May 8, 1990 and incorporated herein by reference.
4(d)	— Officers' Certificate Pursuant to Sections 2.01 and 2.04 of the Indenture (Exhibit 4(a) as amended by Exhibit 4(c)) related to the 5⅞% Notes due March 1, 2000, filed as Exhibit 4(e) to the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 1992 (Commission File No. 1-4797) and incorporated herein by reference.
4(e)	— Form of 7½% Notes due December 1, 1998, filed as Exhibit 4 to the Company's Current Report on Form 8-K dated December 2, 1991 and incorporated herein by reference.
4(f)	— Form of 5⅞% Notes due March 1, 2000, filed as Exhibit 4(f) to the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 1992 (Commission File No. 1-4797) and incorporated herein by reference.
10(a)	— Illinois Tool Works Inc. 1996 Stock Incentive Plan dated February 16, 1996, filed as Exhibit 4.1 to the Company's Registration Statement on Form S-8 (Registration Statement No. 333-22035) filed with the Securities and Exchange Commission on February 19, 1997, and incorporated herein by reference.
10(b)	— Illinois Tool Works Inc. 1982 Executive Contributory Retirement Income Plan adopted December 13, 1982, filed as Exhibit 10(c) to the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 1990 (Commission File No. 1-4797) and incorporated herein by reference.
10(c)	— Illinois Tool Works Inc. 1985 Executive Contributory Retirement Income Plan adopted December 1985, filed as Exhibit 10(d) to the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 1990 (Commission File No. 1-4797) and incorporated herein by reference.
10(d)	— Amendment to the Illinois Tool Works Inc. 1985 Executive Contributory Retirement Income Plan dated May 1, 1996, filed as Exhibit 10(c) to the Company's Quarterly Report on Form 10-Q for the quarterly period ended June 30, 1996 (Commission File No. 1-4797) and incorporated herein by reference.

Exhibit Number	Description
10(e)	— Illinois Tool Works Inc. Executive Incentive Plan adopted February 16, 1996, filed as Exhibit 10(a) to the Company's Quarterly Report on Form 10-Q for the quarterly period ended June 30, 1996 (Commission File No. 1-4797) and incorporated herein by reference.
10(f)	— Supplemental Plan for Employees of Illinois Tool Works Inc., effective January 1, 1989, filed as Exhibit 10(d) to the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 1989 (Commission File No. 1-4797) and incorporated herein by reference.
10(g)	— Directors' deferred fee plan, non-officer directors' restricted stock program, and non-officer directors' phantom stock plan, descriptions of which are under the caption "Directors' Compensation" in the Company's Proxy Statement for the 1997 Annual Meeting of Stockholders.
10(h)	— Illinois Tool Works Inc. Phantom Stock Plan for Non-officer Directors, filed as Exhibit 10(e) to the Company's Quarterly Report on Form 10-Q for the quarterly period ended June 30, 1996 (Commission File No. 1-4797) and incorporated herein by reference.
10(i)	— Underwriting Agreement dated November 20, 1991, related to the 7½% Notes due December 1, 1998, filed as Exhibit 1 to the Company's Current Report on Form 8-K dated December 2, 1991 and incorporated herein by reference.
10(j)	— Underwriting Agreement dated February 23, 1993, related to the 5⅞% Notes due March 1, 2000, filed as Exhibit 10(j) to the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 1992 (Commission File No. 1-4797) and incorporated herein by reference.
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13	— The Company's 1996 Annual Report to Stockholders, pages 20 — 41.
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24	— Powers of Attorney.
27	— Financial Data Schedule.

Copies of such exhibits will be furnished to stockholders of the Company upon written request addressed to the Secretary of the Company at the address given on the cover of this Form 10-K. The charge for copies of the exhibits is twenty-five cents per page.

ITW

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Corporate Headquarters
3600 West Lake Avenue
Glenview, IL 60025-5811
Telephone 847.724.7500

Contact: Shareholder Services
Telephone 888.829.7424

ITW

News Release

ITW Reports a 3 Percent Decrease in Diluted Income Per Share from Continuing Operations in 2002 First Quarter; Revenues Decline 4 percent During the Period

GLENVIEW, ILLINOIS—(April 17, 2002)—Illinois Tool Works Inc. (NYSE:ITW) today reported that 2002 first quarter income per share from continuing operations excluding goodwill amortization declined 3 percent compared to the prior year period. During the 2002 first quarter, operating revenues decreased 4 percent. On a comparable basis excluding goodwill amortization, income from continuing operations in the 2002 first quarter was $194.4 million, or 63 cents per share, versus $199.0 million, or 65 cents per share in the 2001 first quarter.

The modest decline in first quarter income from continuing operations occurred against a backdrop of mildly improving North American end markets, softening International end markets and continuing restructuring for a number of ITW businesses. For the 2002 first quarter, operating revenues were $2.205 billion compared with $2.296 billion for the year earlier period.

A required change in accounting resulted in a non-cash charge to earnings in first quarter 2002 of $221.9 million, or 72 cents per share on a fully diluted basis. This charge is the cumulative impact of evaluating goodwill for impairment based on the new fair value method as required by Statement of Financial Accounting Standards 142. This amount represents 10 percent of the Company's goodwill and other intangibles. As a result of this required accounting change, the Company recorded a net loss of $23.4 million or minus 8 cents per share for the first quarter.

The Company's cash generation from operations continued to be strong in the most recent quarter and reflected reduced working capital and capital expenditures as a result of the mixed economy. For the first quarter, free operating cash flow was approximately $263 million on income from continuing operations of $194 million.

"We believe the first quarter may prove to be meaningful because it represented modest improvement in some of our North American end markets," said W. James Farrell, chairman and chief executive officer. "Base business revenues moved from minus 9 percent in the fourth quarter of last year to minus 6 percent for the just concluded first quarter. Our ability to improve margins 40 basis points was directly tied to reducing our SG&A costs 5 percent for the quarter."

Segment highlights include:

North American Engineered Products revenues declined 1 percent mainly due to weakness in the industrial plastics and metals, construction, electronics and electronic component packaging businesses. Operating income grew 14 percent principally as a result of strength in businesses associated with the automotive and construction end markets. As a result, operating margins were up 220 basis points.

International Engineered Products revenues and operating income decreased 8 percent and 26 percent, respectively, mainly due to weakness in base businesses serving the

automotive and general industrial sectors as well as the impact of an asset writedown and currency translation. Operating margins declined 200 basis points.

North American Specialty Systems revenues declined 2 percent as base business decreases in the industrial packaging, food equipment and finishing units offset positive contributions from the welding businesses. Operating income grew 2 percent as positive contributions from the food equipment, welding and industrial packaging businesses offset restructuring charges for various businesses. Operating margins were up 50 basis points.

International Specialty Systems revenues and operating income declined 9 percent and 20 percent, respectively, largely due to weakness in the industrial packaging and finishing businesses as well as the impact of currency translation. Operating margins declined 110 basis points.

Leasing and Investments operating income was down 26 percent due to gains on sales of investment properties that were realized in the first quarter of 2001.

Looking ahead, the Company expects some sequential improvement in end markets and associated base business for the 2002 second quarter. As a result, the Company projects second quarter 2002 diluted earnings per share for continuing operations to be in the range of 77 cents to 87 cents. For full-year 2002, the Company is forecasting diluted earnings per share for continuing operations to be in the range of $2.95 to $3.25 based on expected improving economic trends in the second half of the year.

This First Quarter 2002 Earnings Release contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995 including, without limitation, statements regarding end market conditions in the second quarter and second half of 2002 and the Company's related earnings forecasts. These statements are subject to certain risks, uncertainties, and other factors, which could cause actual results to differ materially from those anticipated. Important factors that could cause actual results to differ materially from the Company's expectations are set forth on page four of ITW's Form 10-K for 2001.

ITW is a $9.3 billion diversified manufacturer of highly engineered components and industrial systems and consumables. The Company consists of approximately 600 decentralized operations in 43 countries and employs some 52,000 people.

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Appendix E

Excerpts of Documents Used to Answer Question(s) 11(c)

Information regarding current assets and liabilities.

ILLINOIS TOOL WORKS INC.
(In thousands except per share data)

STATEMENT OF INCOME	THREE MONTHS ENDED MARCH 31 2002	2001
Operating Revenues	$ 2,204,654	$ 2,295,840
Cost of revenues	1,475,119	1,537,365
Selling, administrative, and R&D expenses	414,764	438,290
Amortization of goodwill and other intangibles	4,872	23,912
Operating Income	309,899	296,273
Interest expense	(17,503)	(18,189)
Other income	2,076	2,293
Income From Continuing Operations Before Income Taxes	294,472	280,377
Income taxes	100,100	97,976
Income From Continuing Operations	194,372	182,401
Income From Discontinued Operations	4,075	357
Cumulative Effect of Change in Accounting Principle	(221,890)	0
Net Income (Loss)	$ (23,443)	$ 182,758
Income Per Share from Continuing Operations:		
Basic	$ 0.64	$ 0.60
Diluted	$ 0.63	$ 0.60
Income Per Share from Discontinued Operations:		
Basic	$ 0.01	$ 0.00
Diluted	$ 0.01	$ 0.00
Cumulative Effect Per Share of Change in Accounting Principle:		
Basic	$ (0.73)	$ 0.00
Diluted	$ (0.72)	$ 0.00
Net Income (Loss) Per Share :		
Basic	$ (0.08)	$ 0.60
Diluted	$ (0.08)	$ 0.60
Pro Forma Excluding Goodwill Amortization:		
Income from Continuing Operations	$ 194,372	$ 198,960
Income per diluted share from Continuing Operations	$ 0.63	$ 0.65
Shares outstanding during the period :		
Average	305,532	303,151
Average assuming dilution	307,985	305,731

ILLINOIS TOOL WORKS INC.
(In thousands)

STATEMENT OF FINANCIAL POSITION	MAR 31, 2002	DEC 31, 2001
ASSETS		
Cash & equivalents	$ 281,026	$ 282,224
Trade receivables	1,486,807	1,450,029
Inventories	964,958	994,156
Deferred income taxes	195,269	197,428
Prepaids and other current assets	133,419	139,226
Net current assets of discontinued operations	95,754	100,181
Total current assets	3,157,233	3,163,244
Plant & equipment	4,108,505	4,103,960
Less: accumulated depreciation	(2,503,325)	(2,470,270)
Net plant & equipment	1,605,180	1,633,690
Investments	1,379,207	1,278,285
Goodwill	2,281,592	2,516,813
Intangible assets	208,835	221,881
Deferred income taxes	492,785	439,278
Other assets	450,070	459,429
Net noncurrent assets of discontinued operations	107,844	109,729
	$ 9,682,746	$ 9,822,349
LIABILITIES and STOCKHOLDERS' EQUITY		
Short-term debt	$ 276,498	$ 313,447
Accounts payable	390,864	367,249
Accrued expenses	765,004	795,210
Cash dividends payable	67,352	67,084
Income taxes payable	56,305	32,922
Total current liabilities	1,556,023	1,575,912
Long-term debt	1,249,744	1,267,141
Other liabilities	931,043	938,558
Total non-current liabilities	2,180,787	2,205,699
Common stock	3,063	3,052
Additional paid-in capital	706,926	675,856
Income reinvested in the business	5,674,625	5,765,421
Common stock held in treasury	(1,662)	(1,666)
Cumulative translation adjustment	(437,016)	(401,925)
Total stockholders' equity	5,945,936	6,040,738
	$ 9,682,746	$ 9,822,349