

ILLINOIS TOOL WORKS INC
Form PRE 14A
March 06, 2015

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

SCHEDULE 14A

Proxy Statement Pursuant to Section 14(a) of the

Securities Exchange Act of 1934

(Amendment No.)

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

- Preliminary Proxy Statement
- Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))**
- Definitive Proxy Statement
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ILLINOIS TOOL WORKS INC.

(Name of Registrant as Specified In Its Charter)

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

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ILLINOIS TOOL WORKS INC.

ILLINOIS TOOL WORKS INC.

Notice of 2015 Annual Meeting and Proxy Statement

Illinois Tool Works Inc.

Notice of Annual Meeting of Stockholders

Friday, May 8, 2015

9:00 A.M. Central Daylight Time

Illinois Tool Works Inc.

155 Harlem Avenue*

Glenview, Illinois 60025

If you plan to attend the meeting, you must be a holder of Illinois Tool Works Inc. shares as of the record date of March 10, 2015, and obtain a registration confirmation (Ticket) in advance. Tickets can be printed by accessing Shareholder Meeting Registration at www.proxyvote.com and following the instructions provided. You will need the 12 digit number that is printed in the box marked by the arrow g included on your proxy card or Notice of Internet Availability of Proxy Materials. Tickets will be available to registered and beneficial owners and to one guest accompanying each registered and beneficial owner. You **must** bring your ticket to the meeting to gain access. Requests for admission tickets will be processed in the order in which they are received. Please note that seating is limited and requests for tickets will be accepted on a first-come, first-served basis.

*** Enter the campus from Waukegan Road at Overlook Drive. Signage will direct you to the meeting location.**

Illinois Tool Works Inc. (ITW) is holding its 2015 Annual Meeting for the following purposes:

1. To elect the eleven directors named in this proxy statement for the upcoming year;
2. To ratify the appointment of Deloitte & Touche LLP as ITW s independent registered public accounting firm for 2015;
3. To hold an advisory vote on executive compensation;

4. To approve the Illinois Tool Works Inc. 2015 Long-Term Incentive Plan;
5. To approve an amendment to the Illinois Tool Works Inc. Amended and Restated Certificate of Incorporation to permit stockholders to call special meetings; and
6. To conduct any other business as may be properly brought before the meeting.

Only stockholders of record at the close of business on March 10, 2015 are entitled to vote.

Our annual report to stockholders for fiscal year 2014 is enclosed with this proxy statement.

By Order of the Board of Directors,
Maria C. Green
Secretary

March , 2015

IMPORTANT NOTICE REGARDING THE AVAILABILITY OF PROXY MATERIALS FOR THE ANNUAL MEETING OF STOCKHOLDERS TO BE HELD MAY 8, 2015: The Illinois Tool Works Inc. 2014 Annual Report to Stockholders, including the Annual Report on Form 10-K, and its 2015 Proxy Statement are available on the Company's website at www.itw.com under the Investor Relations link. Paper copies are available without charge upon written request to the Company's address above, Attention: Secretary.

Your Vote is Important

Whether or not you plan to attend the meeting, please vote as soon as possible. Under New York Stock Exchange rules, your broker will NOT be able to vote your shares on Proposals 1, 3, 4 or 5 unless they receive specific instructions from you. If you hold your shares through a bank or brokerage account, we strongly encourage you to return the voting instruction card to your bank, broker or other holder of record so that your vote is counted.

We encourage you to vote by internet or telephone. It is convenient for you and saves us significant postage and processing costs. Please see the section entitled "How do I vote" on page 3 for instructions on how to vote your shares.

We have been advised that some states are strictly enforcing unclaimed property laws and requiring shares held in inactive accounts to be escheated to the state in which the stockholder was last known to reside. One way you can show that your account is active is to vote your shares.

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Questions and Answers about the 2015 Annual Meeting and Voting

What am I voting on and how does the Company's Board recommend that I vote?

The Company's Board solicits your vote on the following proposals:

Proposal Submitted for Vote	Board Recommendation
The election of the eleven directors named in this proxy statement for the upcoming year	FOR
The ratification of the appointment of Deloitte & Touche LLP as our independent registered public accounting firm for 2015	FOR
An advisory vote on executive compensation	FOR
Approval of the Illinois Tool Works Inc. 2015 Long-Term Incentive Plan	FOR
Approval of an amendment to the Illinois Tool Works Inc. Amended and Restated Certificate of Incorporation to permit stockholders to call special meetings	FOR
Any other business as may be properly brought before the meeting	

Who may vote?

Stockholders at the close of business on March 10, 2015, the record date, may vote. On that date, there were _____ shares of ITW common stock outstanding.

How many votes do I have?

Each share of ITW common stock that you own entitles you to one vote.

How do I vote?

You may vote your shares in one of the following four ways:

1. By telephone: See the instructions at www.proxyvote.com; or
2. By Internet: See the instructions at www.proxyvote.com; or
3. By mail: If you received a printed copy of these proxy materials by mail, by signing, dating and mailing the enclosed proxy card; or
4. In person: Attend our Annual Meeting, where ballots will be provided.

If you vote by telephone or Internet, you should have your proxy card or E-Proxy Notice in hand when you call or go to the proxy vote site. If you hold your shares through a bank or broker that does not offer telephone or Internet voting, please complete and return your proxy card by mail.

When must I submit my vote by Internet or by phone?

If you vote by Internet or by phone, you must transmit your vote by 10:59 p.m., Central Time, on May 7, 2015.

If I hold shares through an ITW Savings and Investment 401(k) Plan, when must I submit my vote?

Shares held through an ITW 401(k) plan must be voted by 10:59 p.m., Central Time, on May 5, 2015 in order to be

tabulated in time for the meeting.

How does discretionary voting authority apply?

Stockholders of Record. If you are a stockholder of record and you vote by proxy, the individuals named on the proxy card (your proxies) will vote your shares in the manner you indicate. If your proxy card does not indicate how you want to vote, your proxy will be voted FOR the election of each director nominee, FOR the ratification of the appointment of Deloitte & Touche LLP as our independent registered public accounting firm, FOR approval of ITW's executive compensation, FOR the proposal to approve the Illinois Tool Works Inc. 2015 Long-Term Incentive Plan, FOR the approval of the amendment to our Amended and Restated Certificate of Incorporation to permit stockholders to call special meetings, and FOR or AGAINST any other properly raised matter at the discretion of Susan Crown, Robert S. Morrison and Pamela B. Strobel, or any one of them.

Beneficial Owners. If your shares are held in a brokerage account or by a nominee and you do not provide your broker or nominee with voting instructions, the broker or nominee may represent your shares at the meeting for purposes of obtaining a quorum, but may not exercise discretion to vote your shares at the meeting unless the proposal is considered a routine matter. The only matter being proposed for stockholder vote at the 2015 Annual Meeting that is considered a routine matter is the proposal to ratify the appointment of Deloitte & Touche LLP as our independent registered public accounting firm. As a result, in the absence of voting instructions from you, your broker or nominee will not have discretion to vote on the election of directors, ITW's executive compensation, or the proposals to approve the Illinois Tool Works Inc. 2015 Long-Term Incentive Plan or the amendment to our Amended and Restated Certificate of Incorporation. If you are a beneficial owner, it is important that you provide instructions to your bank, broker or other holder of record so that your vote is counted.

May I revoke my proxy?

You may revoke your proxy at any time before it is voted at our Annual Meeting in one of four ways:

1. Notify our Secretary in writing before our Annual Meeting that you wish to revoke your proxy;
2. Submit another proxy with a later date;
3. Vote by telephone or Internet after you have given your proxy; or
4. Vote in person at our Annual Meeting.

Why didn't I receive a paper copy of the proxy statement and annual report?

Unless our stockholders have requested paper copies, we are furnishing proxy materials through the Internet. If you received a Notice of Internet Availability of Proxy Materials (E-Proxy Notice) by mail or electronically, you will not receive a printed copy of the proxy materials unless you specifically request one. Instead, the E-Proxy Notice provides instructions on how you may access and review our proxy materials online. The E-Proxy Notice also instructs you on how you may submit your proxy via the Internet. If you received the E-Proxy Notice and would still like to receive a printed copy of our proxy materials without charge, you should follow the instructions for requesting such materials included in the E-Proxy Notice.

I have received paper copies how do I receive future proxy materials electronically?

To sign up to receive stockholder communications electronically, follow the instructions on your proxy card or E-Proxy Notice under Vote by Internet. You will need the 12-digit number that is printed in the box marked by the arrow g, which appears on your proxy card or E-Proxy Notice. This 12-digit number is sometimes called the control number. In order to receive the communications electronically, you must have an e-mail account and access to the Internet. If you own your shares through a broker or other nominee, you may contact them directly to request electronic access. Your consent to electronic access will be effective until you revoke it. You may revoke your consent by going to www.proxyvote.com and using the 12-digit number that is printed in the box marked by the arrow g to complete the revocation.

What does it mean if I receive more than one E-Proxy Notice or set of proxy materials?

Your shares are likely registered differently or are in more than one account. For each notice, proxy and/or voting instruction card or e-mail notification you receive that has a 12-digit number, you must vote separately to ensure that all shares you own are voted.

What constitutes a quorum?

The presence, in person or by proxy, of the holders of a majority of ITW shares entitled to vote at our Annual Meeting constitutes a quorum. Your shares will be considered part of the quorum if you return a signed and dated proxy card or if you vote by telephone or Internet. Abstentions and broker non-votes are counted as shares present at the meeting for purposes of determining if a quorum exists. A broker non-vote occurs when your bank, broker or other holder of record holding shares for you as the beneficial owner submits a proxy that does not indicate a vote as to a non-routine proposal because that holder has not received voting instructions from you and, therefore, does not have voting authority for that proposal.

What vote is required to approve each proposal, assuming a quorum is present?

Election of Directors: The number of shares voted FOR a director must exceed the number of shares voted AGAINST that director to constitute approval by the stockholders.

Ratification of the Appointment of our Independent Registered Public Accounting Firm: The affirmative vote of a majority of the shares present in person or by proxy at the Annual Meeting and entitled to vote will constitute approval by the stockholders.

Advisory (Non-Binding) Vote on ITW's Executive Compensation: The affirmative vote of a majority of the shares present in person or by proxy at the Annual Meeting and entitled to vote will constitute approval by the stockholders.

Approval of the Illinois Tool Works Inc. 2015 Long-Term Incentive Plan: The affirmative vote of a majority of the shares present in person or by proxy at the Annual Meeting and entitled to vote will constitute approval by the stockholders.

Approval of an amendment to the Illinois Tool Works Inc. Amended and Restated Certificate of Incorporation: The affirmative vote of a majority of the shares outstanding and entitled to vote will constitute approval by the stockholders.

What is the effect of a broker non-vote generally and on each proposal?

A broker non-vote occurs when a broker or other nominee does not receive voting instructions from the beneficial owner and does not have the discretion to direct the voting of the shares. Broker non-votes will be counted for purposes of calculating whether a quorum is present at the Annual Meeting, but will not be counted for purposes of determining the number of votes present in person or represented by proxy and entitled to vote with respect to a particular proposal. Broker non-votes will not, therefore, impact our ability to obtain a quorum and will have no effect on the election of directors, ratification of the appointment of our Independent Registered Public Accounting Firm, approval of ITW's executive compensation, or approval of the Illinois Tool Works Inc. 2015 Long-Term Incentive Plan. Broker non-votes will, however, have the same effect as a vote against the amendment to our Amended and Restated Certificate of Incorporation, so we encourage our stockholders vote FOR that proposal.

What if I abstain from voting?

An abstention on the election of directors will have no effect on the outcome. An abstention on the other proposals will have the effect of a vote against those proposals.

How do I submit a stockholder proposal for the 2016 Annual Meeting?

To be considered for inclusion in our proxy statement for our May 2016 Annual Meeting, a stockholder proposal must be received no later than November 21, 2015. Your proposal must be in writing and must comply with the proxy rules of the Securities and Exchange Commission, or SEC. You should send your proposal to our Secretary at our address on the cover of this proxy statement.

You also may submit a proposal that you do not want included in the proxy statement, but that you want to raise at our May 2016 Annual Meeting. We must receive your proposal in writing on or after January 9, 2016, but no later than February 8, 2016. As detailed in the advance notice procedures described in our by-laws, for a proposal other than the nomination of a director to be properly brought before an annual meeting, your notice of proposal must include: (1) your name and address, as well as the name and address of the beneficial owner of the shares, if any; (2) the number of shares of ITW stock owned beneficially and of record by you and any beneficial owner as of the date of the notice (which information must be supplemented as of the record date); (3) a description of certain agreements, arrangements or understandings entered into by you or any beneficial owner with respect to the shares (which information must be supplemented as of the record date) or the business proposed to be brought before the meeting; (4) any other information regarding you or any beneficial owner that would be required under the SEC's proxy rules and regulations; and (5) a brief description of the business you propose to be brought before the meeting, the reasons for conducting that business at the meeting, and any material interest that you or any beneficial owner has in that business.

How do I nominate a director?

If you wish to nominate an individual for election as a director at our May 2016 Annual Meeting, our Secretary must receive your written nomination on or after January 9, 2016, but no later than February 8, 2016. As detailed in the advance notice procedures described in our by-laws, for a nomination to be properly brought before an annual meeting, your notice of nomination must

include: (1) your name and address, as well as the name and address of the beneficial owner of the shares, if any; (2) the number of shares of ITW stock owned beneficially and of record by you and any beneficial owner as of the date of the notice (which information must be supplemented as of the record date); (3) a description of certain agreements, arrangements or understandings entered into by you or any beneficial owner with respect to the shares (which information must be supplemented as of the record date); (4) the name, age and home and business addresses of the nominee; (5) the principal occupation or employment of the nominee; (6) the number of shares of ITW stock that the nominee beneficially owns; (7) a statement that the nominee is willing to be nominated and serve as a director; (8) a statement as to whether the nominee, if elected, intends to tender his or her resignation in accordance with our Corporate Governance Guidelines; (9) an undertaking to provide any other information required to determine the eligibility of the nominee to serve as an independent director or that could be material to stockholders understanding of the nominee's independence; and (10) any other information regarding you, any beneficial owner or the nominee that would be required under the SEC's proxy rules and regulations had our Board of Directors nominated the individual. Any nomination that you make must be approved by our Corporate Governance and Nominating Committee, as well as by our Board of Directors. The process for the selection of director candidates is described under Corporate Governance Policies and Practices Director Candidate Selection Process below.

Who pays to prepare, mail and solicit the proxies?

We will pay the cost of solicitation of proxies including preparing, printing and mailing this proxy statement and the E-Proxy Notice. We will also authorize brokers, dealers, banks, voting trustees and other nominees and fiduciaries to forward copies of the proxy materials to the beneficial owners of ITW common stock. Upon request, we will reimburse them for their reasonable expenses. In addition, our officers, directors and employees may solicit proxies in person, by mail, by telephone or otherwise. In the event that we decide to engage a proxy solicitation firm to assist with the solicitation of proxies, we would expect to engage Georgeson, and we estimate that the additional cost to be borne by us would be approximately \$12,000 plus reasonable and approved out-of-pocket expenses.

Proposal 1 Election of Directors

Stockholders are being asked to elect the eleven directors named in this proxy statement at our Annual Meeting. The individuals listed below have been nominated by the Board of Directors as recommended by the Corporate Governance and Nominating Committee. See Corporate Governance Policies and Practices for more information regarding our candidate selection process. Each director will serve until the May 2016 Annual Meeting, until a qualified successor director has been elected, or until he or she resigns or is removed.

We will vote your shares as you specify on the proxy card, by telephone, by Internet or by mail. If you do not specify how you want your shares voted, we will vote them FOR the election of all the nominees listed below. If unforeseen circumstances (such as death or disability) make it necessary for the Board of Directors to substitute another person for any of the nominees, we will vote your shares FOR that other person. The Board of Directors does not anticipate that any nominee will be unable to serve.

Each nominee for director brings a strong and unique background and set of skills to the Board, giving the Board as a whole competence and experience in a variety of areas. Set forth below is biographical information provided by the nominees, as well as a description of the experiences, qualifications, skills and attributes that led the Corporate Governance and Nominating Committee and the Board to conclude that each nominee should serve as a director of the Company.

Daniel J. Brutto, 58, retired as President of UPS International and Senior Vice President of United Parcel Service, Inc., a global package delivery, supply chain management and freight forwarding company, having served in these capacities from January 2008 to June 2013. Previously, he served as President, Global Freight Forwarding, for UPS from 2006 to 2007, and corporate controller from 2004 to 2006. Mr. Brutto had over 38 years of experience at UPS, serving over the years in various areas with increasing levels of responsibility, including operations, finance, information systems, mergers & acquisitions, marketing, business development and international. Mr. Brutto is currently a Director of Innotrac Corporation, a privately held global fulfillment, customer care and technology company, and has served as a director of ITW since 2012. He has not served as a director of any other publicly-traded company in the last five years. In the past, Mr. Brutto served on the board of the US-China Business Council, the Guangdong Economic Council, and the Turkey Economic Advisory Council. He was also a delegate to the World Economic Forum, Davos, Switzerland, from 2009 to 2013.

Mr. Brutto's significant strategic, operational, and financial leadership experience with a major global company, including the establishment of operations in 35 countries, along with his significant international business experience, brings valuable perspectives to our Board.

Susan Crown, 56, has served as Vice President of Henry Crown and Company, a business with diversified investments, since 1984. Ms. Crown is currently a director of Northern Trust Corporation and its subsidiary, The Northern Trust Company, and has not served as a director of any other publicly-traded company in the last five years. Ms. Crown has served as a director of ITW since 1994. Ms. Crown's experience includes executive experience in diversified manufacturing, cellular phone, home furnishings and real estate businesses.

Ms. Crown's long-standing board service at a global banking and financial institution and her extensive board service with many civic and not-for-profit organizations bring valuable perspectives to our Board.

James W. Griffith, 61, retired as President and Chief Executive Officer of The Timken Company, a manufacturer of bearings, alloy and specialty steels and components, having served in that capacity from 2002 to 2014. Previously, he served as President and Chief Operating Officer from 1999 to 2002. Mr. Griffith joined Timken in 1984, and held positions in various functional areas of Timken with increasing levels of responsibility, including purchasing and logistics, manufacturing and international operations. From 1996 to 1999, he led Timken's automotive business in North America and Timken's bearing business activities in Asia and Latin America. Prior to joining Timken, he held production and engineering positions at Martin Marietta, Bunker Hill Company and Homestake Mining Company. Mr. Griffith is currently a director of AB Volvo Sweden, a commercial transport solutions company, and has served as a director of ITW since 2012. He previously served as a director of The Timken Company from 1999 to 2014 and Goodrich Corporation from 2002 to 2012, as well as a director of the US-China Business Council and a number of other industry and not-for-profit organizations.

Mr. Griffith's extensive experience as Chief Executive Officer of a global industrial manufacturer, along with his international business and engineering experience, bring valuable perspectives to our Board.

Richard H. Lenny, 63, has served as non-executive Chairman of Information Resources, Inc., a privately held producer of market and shopper information, since 2013. He served as an operating partner with Friedman Fleischer & Lowe LLC, a private equity firm, from 2011 to August 2014, at which time he became a senior advisor. From 2001 through 2007 he served as Chairman, President and Chief Executive Officer of The Hershey Company, a manufacturer, distributor and marketer of candy, snacks and candy-related grocery products. From 1998 to 2000 he served as President, Nabisco Biscuit Company, and prior thereto he was President of Pillsbury, North America. He is also a director of Discover Financial Services, ConAgra Foods, Inc. and McDonald's Corporation. Mr. Lenny has served as a director of ITW since August 2014.

Mr. Lenny's experience as Chief Executive Officer of a global Fortune 500 company and diverse board experience bring valuable perspectives to our Board.

Robert S. Morrison, 72, retired as Vice Chairman of PepsiCo, Inc., a beverage and food products company, having served in that position from 2001 to 2003. From 1997 to 2001, prior to its merger with PepsiCo, he was Chairman, President and Chief Executive Officer of The Quaker Oats Company. He also served as interim Chairman and Chief Executive Officer of 3M Company from June to December 2005. Mr. Morrison is currently a director of Aon Corporation, and was formerly a director of 3M Company and The Tribune Co. He has served as a director of ITW since 2003 and currently serves as ITW's non-executive Chairman.

Mr. Morrison's experience as a former top executive of three global public companies and diverse board experience bring valuable perspectives to our Board.

E. Scott Santi, 53, has served as President and Chief Executive Officer of ITW since November 2012 and as President and Chief Operating Officer from October to November 2012. Previously, Mr. Santi served as Vice Chairman from December 2008 to October 2012 and Executive Vice President from October 2004 to December 2008. He has served as a director of ITW since November 2012 and currently serves as a director of W.W. Grainger, Inc. He has not served as a director of any other publicly traded company in the last five years. Mr. Santi also has significant experience as a participating board member of a number of professional and not-for-profit organizations.

Mr. Santi's deep understanding of the Company's business operations, operating philosophy and culture bring indispensable perspectives to our Board.

James A. Skinner, 70, retired as Vice Chairman and Chief Executive Officer of McDonald's Corporation, a global restaurant chain, having served in those positions from 2004 to June 2012. Previously, Mr. Skinner served as Vice Chairman from 2003 to 2004; as President and Chief Operating Officer of McDonald's Restaurant Group from February 2002 to December 2002; as President and Chief Operating Officer of McDonald's Europe, Asia/Pacific, Middle East and Africa from 2001 to 2002; and as President of McDonald's -Europe from 1997 to 2001. Mr. Skinner is currently the Executive Chairman of Walgreens Boots Alliance and serves as a director of Hewlett-Packard Company. He served as a director of McDonald's Corporation from November 2004 to June 2012. He has served as a director of ITW since 2005.

Mr. Skinner's extensive experience as Chief Executive Officer of a major global corporation and diverse board experience bring valuable perspectives to our Board.

David B. Smith, Jr., 48, has served as Executive Vice President for Policy & Legal Affairs and General Counsel of Mutual Fund Directors Forum, a not-for-profit membership organization for independent investment company directors and an advocate on important policy matters, since 2005. From 1996 to 2005, Mr. Smith held several positions with increasing levels of responsibility at the Securities and Exchange Commission, serving as Associate Director, Division of Investment Management, from 2001 to 2005. Mr. Smith is currently a director of Northern Trust Corporation and its subsidiary, The Northern Trust Company, and has not served as a director of any other publicly-traded company in the last five years. Mr. Smith has served as a director of ITW since 2009.

Mr. Smith's extensive legal and regulatory experience along with his executive experience with a mutual fund industry organization bring valuable perspectives to our Board. Mr. Smith is a nephew of Mr. Harold B. Smith, an emeritus director of ITW.

Pamela B. Strobel, 62, retired as Executive Vice President and Chief Administrative Officer of Exelon Corporation and President of Exelon Business Services Company, an electric and gas utility company, in October 2005, a position she had held since 2003, previously serving as Chairman and Chief Executive Officer of Exelon Energy Delivery from 2000 to 2003. Prior to that, she served as Executive Vice President of Unicom and its chief subsidiary, ComEd, having joined ComEd as General Counsel in 1993. Ms. Strobel is currently a director of Domtar Corporation and State Farm Mutual Automobile Insurance Company. Ms. Strobel has served as a director of ITW since 2008.

Ms. Strobel's executive and legal experience with a leading energy provider and other board experience bring valuable perspectives to our Board.

Kevin M. Warren, 52, has been the President, Industrial, Retail and Hospitality Business Group for Xerox Corporation, a global business services, technology and document management company, since January 2015. Since 1984, Mr. Warren has held a number of positions at Xerox with increasing levels of responsibility, including serving as President of Strategic Growth Initiatives for Xerox Corporation from January 2014 to January 2015; President of U.S. Client Operations for Xerox Corporation from June 2010 to December 2013; Chairman, President and Chief Executive Officer of Xerox Canada from 2007 to 2010; Senior Vice President, Acquisition Transition Office in 2007; and Senior Vice President, U.S. Eastern Sales, U.S. Solutions Group from 2004 to 2007. He also serves as a director of a number of professional, civic and not-for-profit organizations. Mr. Warren has served as a director of ITW since 2010 and has not served as a director of any other publicly-traded company in the last five years.

Mr. Warren's significant strategic and operational leadership experience with a major global company, along with his significant international experience, bring valuable perspectives to our Board.

Anré D. Williams, 49, has been President, Global Merchant Services, of American Express Company, a global services company, since 2011. From 2007 to 2011, Mr. Williams was President, Global Commercial Card, of American Express. From 1989 to 2007, Mr. Williams held several positions at American Express, serving as Executive Vice President, U.S. Commercial Card, from 2003 to 2007; Senior Vice President, U.S. Middle Market, from 2000 to 2003; Vice President and General Manager, Western Region, Corporate Services, from 1999 to 2000; and Vice President, Acquisition and Advertising, from 1996 to 1999. Mr. Williams has served as a director of ITW since 2010 and is a former director of Ryerson Inc. Mr. Williams has not served as a director of any other publicly-traded company in the last five years.

Mr. Williams' significant strategic and operational leadership experience with a major global financial services company, along with his global business experience, bring valuable perspectives to our Board.

The Board of Directors recommends a vote FOR the election of all of the above nominees.

Board of Directors and Its Committees

The Company's Board of Directors met five times during 2014. In addition to these Board meetings, directors attended meetings of Board committees. Non-employee directors, all of whom are independent, met five times in regularly scheduled executive sessions in conjunction with regular board meetings. Robert S. Morrison serves as non-executive Chairman of the Board.

As stated in the Company's Corporate Governance Guidelines, the Board believes that it is in the best interests of the Company to examine whether the roles of Chairman and Chief Executive Officer should be combined each time the Board elects a new chief executive officer. E. Scott Santi was elected President and CEO in November 2012, after the death of David B. Speer, our former CEO. The Board decided to separate the roles of CEO and Chairman at that time and elected Robert S. Morrison, who was then lead director, as non-executive Chairman. Our Corporate Governance Guidelines also state that the Board has the discretion to combine or separate the offices of CEO and Chairman at such time or times as it deems appropriate.

The Board of Directors has standing audit, compensation, corporate governance and nominating, finance, and executive committees. Under the terms of their respective charters, each member of the audit, compensation, and corporate governance and nominating committees must meet applicable New York Stock Exchange (NYSE) and SEC independence requirements. The Company strongly encourages its directors to attend all Board and committee meetings and the Annual Meeting of Stockholders. In 2014, during the time they were serving, all of the directors attended at least 75% of the meetings of the Board and the committees on which they serve, and all of the directors except Anré Williams attended our 2014 Annual Meeting of Stockholders.

Audit Committee

The Audit Committee is responsible for the engagement of our independent registered public accounting firm and assists the Board with respect to matters involving and overseeing accounting, financial reporting and internal audit functions. In addition, the Committee is responsible for the integrity of the Company's financial statements, compliance with legal and regulatory requirements, the independence and performance of ITW's independent registered public accounting firm, and the performance of the Company's internal audit function. Finally, the Audit Committee, on behalf of the Board of Directors, reviews and evaluates certain of our policies and practices with respect to risk assessment and risk management and steps taken by management to monitor and control such exposures. Additional information on the Committee and its activities is set forth under Audit Committee Report below.

Compensation Committee

The Compensation Committee establishes and oversees executive compensation policies, including issues relating to pay and performance, targeted positioning and pay mix. The Compensation Committee recommends to the other independent directors compensation for the chief executive officer, reviews and approves the chief executive officer's recommendations regarding the compensation of our other executive officers, and makes recommendations regarding new incentive compensation and equity-based plans or amendments to any existing plans. The Compensation Committee also is responsible for reviewing and evaluating risks arising from our compensation policies and practices and providing input to management on whether such policies and practices may have a material adverse effect on the Company.

Under its charter, the Compensation Committee may retain an independent compensation consultant or other advisors. The Compensation Committee engaged Frederic W. Cook & Co., an independent consultant (Cook), as its independent advisor to review the Company's overall executive compensation program, review the peer group of companies used by the Compensation Committee for comparison purposes and assess our compensation governance process. Based on representations from Cook and executive officers and directors of the Company, the Compensation Committee has determined that Cook and its individual compensation advisor to the committee are independent. See Compensation Discussion and Analysis Role of Compensation Consultants.

Additional information on the Compensation Committee, its activities, its relationship with its compensation consultant and the role of management in setting compensation is provided under Compensation Discussion and Analysis below.

Corporate Governance and Nominating Committee

The Corporate Governance and Nominating Committee identifies, evaluates and recommends director candidates; develops, administers and recommends corporate governance guidelines; oversees the evaluations of the performance and procedures of the Board and individual directors; makes recommendations as to Board committees and Board size and makes a recommendation to the Board regarding the Board's determination of director independence for the Board, the Audit Committee and the Compensation Committee. This committee also oversees and makes recommendations to the independent directors regarding non-employee director compensation. See Corporate Governance Policies and Practices Director Candidate Selection Process below for a description of the director selection process.

Finance Committee

The Finance Committee reviews, evaluates and recommends management's proposals to the Board relating to the Company's financing and investment portfolio, and reviews and evaluates an annual summary of the funding and investment status of significant benefit plans sponsored by the Company globally. The Finance Committee also periodically reviews and evaluates the Company's capital allocation strategy as well as risks arising from the Company's investments, treasury function (such as derivatives and interest rates) and liquidity.

Executive Committee

The Executive Committee may act on behalf of the Board if a matter requires Board action between meetings of the full Board. The Executive Committee's authority in certain matters is limited by law and our by-laws.

Committee Memberships

The following table shows the current committee membership and the number of meetings held by each committee during 2014.

Director	Audit Committee	Compensation Committee	Corporate Governance and Nominating Committee	Finance Committee	Executive Committee
Daniel J. Brutto	X			X	
Susan Crown		X	X		Chair
James W. Griffith		X		X	
Richard H. Lenny	X	X			
Robert S. Morrison		X	Chair	X	X
E. Scott Santi					X
James A. Skinner		Chair	X	X	X
David B. Smith, Jr.	X			Chair	
Pamela B. Strobel	Chair		X		X
Kevin M. Warren	X		X		
Anré D. Williams	X	X			
Fiscal 2014 meetings	4	4	4	2	1

Board's Role in Risk Oversight

The Board of Directors is responsible for the overall risk oversight of the Company. The Board has delegated to the Audit Committee the responsibility to review and evaluate the Company's overall financial and compliance risk policies and practices, has delegated to the Finance Committee the responsibility for the review and evaluation of risks relating to investments and other treasury functions, and has delegated to the Compensation Committee the responsibility for the review and evaluation of risks arising from the Company's compensation policies and practices. The Compensation Committee also advises management on whether the Company's compensation policies and practices may have a material adverse effect on the Company.

The Company has identified key business risks of the Company, including, but not limited to, legal/compliance/controllership, key leader continuity/succession, supply chain integrity/continuity, and data security risks, and has established a formal process for continuous review of such risks. Certain risks are reviewed and discussed annually, while others are considered on a rotating basis. Company management routinely presents on these risks at meetings of the Company's Board and Board committees, providing them with an opportunity to discuss the risks and the Company's risk mitigation processes.

In instances where a particular committee reviews certain risks, that committee reports on those risks to the full Board on a regular basis. The Company believes that because each of these committees is comprised solely of independent directors, the President and Chief Executive Officer of the Company is subject to the risk oversight of independent directors.

Corporate Governance Policies and Practices

General

We have long believed that good corporate governance is important to assure that the Company is managed for the long-term benefit of its stockholders. Accordingly, we continuously review our corporate governance policies and practices not only for compliance with applicable law, the rules and regulations of the SEC, and the listing standards of the NYSE, but also for good corporate governance principles and standards of behavior.

Our Statement of Principles of Conduct sets forth standards of conduct applicable to all employees and directors.

Our Global Anti-Corruption Policy provides detailed guidance to our employees on prohibited actions under anti-bribery and anti-corruption laws.

Our Code of Ethics sets forth standards of ethical dealing, disclosure and compliance applicable to our CEO, CFO, and all key financial personnel.

Our hedging policy for key employees and directors prohibits hedging the risk of ownership in ITW stock and prohibits pledging of ITW stock to secure payment obligations.

Our clawback policy provides for the recovery of incentive compensation payments from our senior officers in the event of an accounting restatement (whether or not based on misconduct) due to material noncompliance with financial reporting requirements.

Our Conflict Minerals Policy requires our suppliers to certify that any tin, tantalum, tungsten and gold used in our products are from conflict free sources if they originate within the Democratic Republic of Congo or its adjoining countries.

The Audit, Compensation and Corporate Governance and Nominating Committees each review their Committee charters annually and recommend that the Board of Directors approve any changes. We maintain a corporate governance section on our website that includes the charters of these committees, the Company's Corporate Governance Guidelines, the Statement of Principles of Conduct (our code of business conduct and ethics for directors, officers and employees), the Global Anti-Corruption Policy and the Code of Ethics for the Chief Executive Officer and key financial and accounting personnel. In addition, we will promptly post any amendments to or waivers of the Code of Ethics on our website. You can find this and other corporate governance information at www.itw.com. We also will provide copies of this information upon request.

Communications with Directors

Stockholders and other interested parties may communicate with any of our directors, including Robert S. Morrison, our Chairman, or with the independent directors as a group by sending an e-mail to independentdirectors@itw.com or by writing to the independent directors as a group or to any of our directors c/o Illinois Tool Works Inc., 155

Harlem Avenue, Glenview, IL 60025, Attention: Secretary, with a designation on the outside of the envelope as a Board Communication. Relevant communications will be forwarded by the Secretary to the appropriate directors depending on the facts and circumstances outlined in the communication.

Board Independence

Our Corporate Governance and Nominating Committee conducts an annual review and makes a recommendation to the full Board as to whether each of our directors meets the applicable independence standards of the NYSE. In accordance with the NYSE listing standards, our Board of Directors has adopted categorical standards for director independence, including heightened standards applicable to members of our Audit and Compensation Committees. A copy of the Company's Categorical Standards for Director Independence is attached as **Appendix A**. A director will not be considered independent unless the Board of Directors determines that the director has no material relationship with the Company (directly, or as a partner, stockholder or officer of an organization that has a material relationship with the Company).

The Board has determined that each of the current directors, except E. Scott Santi, has no material relationship with the Company other than as a director and is independent within the meaning of the Company's Categorical Standards for Director Independence and the listing standards of the NYSE. In making its independence determinations, the Board of Directors has broadly considered all relevant facts and circumstances including that: (1) Ms. Crown and Mr. Smith serve as directors of Northern Trust Corporation and its subsidiary, The Northern Trust Company, with which the Company has a commercial banking relationship as described under "Certain Relationships and Related Transactions" below; (2) Messrs. Griffith, Lenny, Morrison and Skinner serve as directors of companies that have an existing customer or supplier relationship with the Company; (3) Ms. Crown and her immediate family members have direct and indirect interests in a company with which we conduct business; (4) Ms. Strobel serves as a director of two companies with which we conduct business, one of which owns approximately 6% of the Company's common stock; (5) Mr. David B. Smith, Jr. is the nephew of Harold B. Smith, emeritus director of the Company and the beneficial owner of more than 5% of the Company's stock; and (6) each of Messrs. Warren and Williams are officers of companies with which we conduct business. The Board has concluded that these relationships are not material and, therefore, do not impair the independence of these directors.

Director Qualifications

Our directors play a critical role in guiding the Company's strategic direction and oversee the management of the Company. Board candidates are considered based upon various criteria, such as their personal integrity and judgment, broad-based business and professional skills and experiences, global business and social perspective, and concern for the long-term interests of our stockholders. Although there is no specific policy regarding Board diversity, racial, ethnic and gender diversity are also important factors considered in the director selection process. In addition, directors must have time available to devote to Board activities and to enhance their knowledge of the global manufacturing environment. Accordingly, we seek to attract and retain a diverse board composed of highly qualified directors who have sufficient time to attend to their duties and responsibilities to the Company. Of the eleven director nominees two are women and two are minorities.

Director Candidate Selection Process

The Corporate Governance and Nominating Committee, or other members of the Board of Directors, may identify a need to add new members to the Board of Directors with specific skills or simply to fill a vacancy on the Board. At that time the Corporate Governance and Nominating Committee would initiate a search, seeking input from Board members and senior management and, to the extent it deems appropriate, engaging a search firm. An initial qualified candidate or a slate of qualified candidates would be identified and presented to the Committee for its evaluation and approval. The Committee would then seek full Board approval of the selected candidate(s).

Our by-laws permit stockholders to nominate directors for consideration at an annual meeting of stockholders. The policy of the Corporate Governance and Nominating Committee is to consider a properly submitted stockholder nomination for election as director. For a description of the process for submitting a director candidate in accordance with the Company's by-laws, see [Questions and Answers - How do I nominate a director?](#) above.

Assuming that a properly submitted stockholder recommendation for a director candidate has been received, the Corporate Governance and Nominating Committee will evaluate that candidate by following substantially the same process, and applying substantially the same criteria, as for candidates submitted by other sources, but the Committee has no obligation to recommend that candidate for nomination.

Director and Officer Succession Planning

The Corporate Governance and Nominating Committee screens and recommends nominees for director to the full Board. It is responsible for reviewing the skills and characteristics required of Board members in the context of the current make-up of the Board. Its assessment includes the skills of board candidates, such as an understanding of technologies pertinent to the Company's businesses, manufacturing, marketing, finance, regulation and public policy, international background and experience, age, diversity and ability to provide strategic insight and direction on the Company's key strategic initiatives. After receiving recommendations for nominations from the Corporate Governance and Nominating Committee, the Board nominates or elects candidates for director.

In 2014, the Corporate Governance and Nominating Committee continued to evaluate the current make-up of the Board in light of the directors' ages and experience. Pursuant to ITW's Corporate Governance Guidelines, a director may not stand for re-election after his or her 75th birthday, except in rare circumstances approved by the Board. The Committee determined that it would be important to replace the skills that would be lost as certain directors approached retirement age, specifically, experience as a current or former CEO of a publicly-traded company, experience on public company boards and experience with global operations.

Several of our independent directors identified Richard H. Lenny as an individual with all of these characteristics. The Corporate Governance and Nominating Committee evaluated Mr. Lenny's qualifications and found that he would be a desirable addition to the Board, especially in light of his global executive experience and his extensive experience as a public company CEO and director. The Committee recommended and the Board elected Mr. Lenny in August 2014.

On February 13, 2015, Don H. Davis, Jr. and Robert C. McCormack informed the Board that they would retire from the Board as of that date, as each of Mr. Davis and Mr. McCormack had reached the retirement age specified by the Corporate Governance Guidelines and did not intend to stand for re-election. The Board thanks Mr. Davis and Mr. McCormack for their many years of distinguished service.

The Board recognizes that one of its most important duties is to ensure continuity in the Company's senior leadership by overseeing the development of executive talent and planning for the effective succession of the Company's CEO and the executive leadership team. In order to ensure that the succession planning and leadership development process supports and enhances ITW's strategic objectives, the Board regularly consults with the CEO on the Company's organizational needs, its leadership pipeline and the succession plans for critical leadership positions. On an annual basis, the Board also conducts a detailed review of executive succession plans, in addition to addressing the Company's talent management initiatives and discussing individuals who are considered potential future senior executives of the Company. Similarly, leadership development, including succession planning, is a top priority of the CEO and the senior executive team and is reflected in the fact that the individual performance goals of the CEO and senior executive officers include critical talent management and succession planning objectives. See Compensation Discussion and Analysis Annual Cash Incentives 2014 Individual Objectives of the Executive Incentive Plan.

Director Election

Our by-laws provide for the election of directors in uncontested elections by majority vote. Under this majority vote standard, each director must be elected by a majority of the votes cast with respect to that director. For this purpose, a majority of the votes cast means that the number of shares voted for a director exceeds the number of shares voted against that director. In a contested election, directors will be elected by a plurality of the votes represented in person or by proxy at the meeting. An election is contested if the number of nominees exceeds the number of directors to be elected. Whether an election is contested or not is determined ten days in advance of when we file our definitive proxy statement with the SEC. This year's election is uncontested, and the majority vote standard will apply.

If a nominee who is serving as a director is not elected at an annual meeting, Delaware law provides that the director would continue to serve on the Board as a holdover director until his or her successor is elected. Our Corporate Governance Guidelines, however, require any nominee for director who fails to receive a majority of the votes cast for his or her election to tender his or her resignation. The Corporate Governance and Nominating Committee of the Board will consider the resignation and recommend to the Board whether to accept or reject it. In considering the resignation, the Committee will take into account such factors as any stated reasons why stockholders voted against the election of the director, the length of service and qualifications of the director, the director's contributions to the Company, and our Corporate Governance Guidelines. The Board will consider the Committee's recommendation, but no director who failed to receive a majority of the votes cast will participate. We will disclose the results of the Committee's review within 90 days of such annual meeting. At our 2014 Annual Meeting, each director received a majority of the votes cast for his or her election.

Director Compensation

Annual Retainer and Chair Fees

The following table shows the non-employee director compensation for 2014. Non-employee directors were given the opportunity to elect to receive all or a portion of their annual retainer and chair fees in an equivalent value of ITW common stock pursuant to our Illinois Tool Works Inc. 2011 Long-Term Incentive Plan (the Long-Term Incentive Plan). The number of ITW shares to be issued to a director is determined by dividing the dollar amount of the fee subject to the election by the fair market value of ITW common stock on the date the fee otherwise would have been paid in cash.

Annual Retainer	\$ 135,000
Non-Executive Chairman Annual Retainer	\$ 100,000
Additional Committee Chair Retainers:	
Audit & Compensation Committee	\$ 20,000
Corporate Governance, Nominating; Finance	\$ 15,000
Executive Committee	\$ 5,000
Annual Stock Grant	\$ 120,000
Additional Non-Executive Chairman Stock Grant	\$ 100,000

Directors' Deferred Fee Plan

Non-employee directors can defer receipt of all or a portion of their annual retainer, chair fees and/or stock grant until retirement or resignation. Deferred cash amounts are credited with interest quarterly at current rates. If a director elects to defer receipt of any ITW common stock to be received in lieu of a cash payment and/or any portion of his or her stock grant, the deferred shares are credited as stock units to an account in the director's name. The account receives additional credit for cash dividends and is adjusted for stock dividends, splits, combinations or other changes in ITW common stock upon retirement, resignation or a corporate change (as defined in our Long-Term Incentive Plan), with any fractional shares paid in cash.

ITW Common Stock

The Company grants stock to its non-employee directors under our Long-Term Incentive Plan, which links this element of compensation to long-term performance. Under our director compensation program, non-employee directors serving in 2014 received an annual stock grant equivalent in value to approximately \$120,000. Our non-executive Chairman receives an additional annual stock grant equivalent in value to \$100,000.

Director Compensation in Fiscal Year 2014

The following table summarizes the compensation for our non-employee directors who served during 2014.

Name	Fees Earned or Paid in Cash \$(1)(2)	Stock Awards \$(3)	Total (\$)
Daniel J. Brutto	\$ 135,000	\$ 119,943	\$ 254,943
Susan Crown	\$ 140,000	\$ 119,943	\$ 259,943
Don H. Davis, Jr.	\$ 135,000	\$ 119,943	\$ 254,943
James W. Griffith	\$ 135,000	\$ 119,943	\$ 254,943
Richard H. Lenny(4)	\$ 53,193	\$ 0.00	\$ 53,193
Robert C. McCormack	\$ 148,750	\$ 119,943	\$ 268,693
Robert S. Morrison	\$ 248,750	\$ 219,896	\$ 468,646
James A. Skinner	\$ 155,000	\$ 119,943	\$ 274,943
David B. Smith, Jr.	\$ 135,000	\$ 119,943	\$ 254,943
Pamela B. Strobel	\$ 155,000	\$ 119,943	\$ 274,943
Kevin M. Warren	\$ 135,000	\$ 119,943	\$ 254,943
Anré D. Williams	\$ 135,000	\$ 119,943	\$ 254,943

- (1) The following directors elected to convert some or all fees earned in 2014 to shares of ITW common stock and to defer receipt of those shares:

Name	Fees Deferred in 2014	Number of Shares Deferred in 2014
Daniel J. Brutto	\$ 67,500	798
Don H. Davis, Jr.	\$ 135,000	1,594
Robert S. Morrison	\$ 248,750	2,935
James A. Skinner	\$ 155,000	1,830

- (2) Fees include the \$135,000 annual retainer, non-executive Chairman fee and committee chair fees.

- (3) Each director serving in 2014 received an annual stock grant of 1,404 shares equivalent in value to approximately \$120,000. Mr. Morrison received an additional stock grant of 1,170 shares equivalent in value to approximately \$100,000 on May 2, 2014 for his services as non-executive Chairman. In addition, as of December 31, 2014, the directors' phantom stock accounts had phantom stock unit balances as follows: Mr. Brutto, 1,066; Ms. Crown, 5,579; Mr. Davis, 2,670; Mr. Griffith, 1,066; Mr. McCormack, 5,579; Mr. Morrison, 2,562; Mr. Skinner, 2,491; Mr. Smith, 1,133; Ms. Strobel, 1,195; Mr. Warren, 1,111; and Mr. Williams, 1,111.

- (4) Mr. Lenny was elected to the Board on August 8, 2014.

Ownership of ITW Stock

Directors and Executive Officers

The following table shows the amount of ITW common stock beneficially owned by the directors, the named executive officers, and all directors and executive officers as a group as of December 31, 2014. The named executive officers as shown in the table are our Chief Executive Officer, our Chief Financial Officer, and the next three most highly-compensated executive officers who were serving at the end of the last fiscal year (based on total compensation, less the increase in pension value and nonqualified deferred compensation earnings). The percent of class calculation is based on 383,196,213 shares of ITW common stock outstanding as of December 31, 2014.

Beneficial ownership is a technical term broadly defined by the SEC to mean more than ownership in the usual sense. In general, beneficial ownership includes any shares a director or executive officer can vote or transfer and stock options and restricted stock units that are currently vested or that become vested within 60 days. Except as otherwise noted, the stockholders named in this table have sole voting and investment power for all shares shown as beneficially owned by them.

The number of the directors phantom stock units disclosed in the table represents an equivalent number of shares of ITW common stock as of December 31, 2014. The granting of phantom stock units was discontinued in May 2012, so Mr. Lenny was not awarded phantom stock units upon joining the Board, as he joined the Board after that date. Phantom stock units are not transferable and have no voting rights. The units are payable in cash and are not included in the percent of class calculation.

Name of Beneficial Owner	Shares of Common Stock Beneficially Owned	Phantom Stock Units	Percent of Class
Directors (other than Executive Officers)			
Daniel J. Brutto	7,691(1)	1,066	*
Susan Crown	51,049(2)	5,579	*
Don H. Davis, Jr.	55,154(3)	2,670	*
James W. Griffith	7,611	1,066	*
Richard H. Lenny	1,008(4)	n/a	*
Robert C. McCormack	10,857,270(5)	5,579	2.8%
Robert S. Morrison	90,752(6)	2,562	*
James A. Skinner	36,653(7)	2,491	*
David B. Smith, Jr.	132,283(8)	1,133	*
Pamela B. Strobel	25,902(9)	1,195	*
Kevin M. Warren	11,548(10)	1,111	*
Anré D. Williams	15,670	1,111	*
Named Executive Officers			
E. Scott Santi	606,935(11)		*
Michael M. Larsen	45,233(12)		*
David C. Parry	374,801(13)		*
Christopher A. O Herlihy	132,880(14)		*
Roland M. Martel	338,847(15)		*
Directors and Executive Officers as a Group (24 Persons)	13,580,557(16)	25,563	3.5%

* Less than 1%

- (1) Includes 804 deferred shares in lieu of director's fees.
- (2) Includes (a) 4,000 shares owned by Ms. Crown's spouse, which are pledged to secure bank borrowings, and as to which she disclaims beneficial ownership; (b) 4,000 shares held in trusts of which Ms. Crown's children are beneficiaries, as to which she disclaims beneficial ownership; and (c) 6,463 deferred shares in lieu of director's fees.
- (3) Includes 36,836 deferred shares in lieu of director's fees. Mr. Davis retired as a director on February 13, 2015.
- (4) Includes (a) 8 shares owned jointly with Mr. Lenny's spouse; and (b) 1,000 shares as to which Mr. Lenny has shared voting and investment power, which shares are held as tenants in common with his spouse through trusts.
- (5) Includes (a) 800 shares owned in a trust, as to which Mr. McCormack shares voting and investment power with The Northern Trust Company; (b) 8,147,664 shares owned in eight trusts, as to which Messrs. McCormack and Harold Smith, one other individual, and The Northern Trust Company are trustees and share voting and investment power; (c) 12,550 shares owned in a limited partnership in which Mr. McCormack owns 99% of the limited partnership units; (d) 2,422,347 shares owned in four trusts, as to which Mr. McCormack, two other individuals and The Northern Trust Company are trustees and share voting and investment power (all of these shares are pledged to secure lines of credit); (e) 258,123 shares owned in one limited partnership in which Mr. McCormack has a beneficial interest through trust ownership of the limited partnership units; and (f) 12,785 shares owned in a revocable trust for Mr. McCormack, as to which he has sole investment authority. Mr. McCormack retired as a director on February 13, 2015.
- (6) Includes 32,478 deferred shares in lieu of director's fees.
- (7) Includes 24,295 deferred shares in lieu of director's fees.
- (8) Includes (a) 102,901 shares owned jointly with Mr. Smith's spouse (all of which are pledged to secure lines of credit); (b) 15,517 shares held in trusts of which Mr. Smith's children are beneficiaries, as to which he disclaims beneficial ownership; and (c) 2,000 shares owned in two trusts as to which Mr. Smith shares voting and investment power.
- (9) Includes 16,897 deferred shares in lieu of director's fees.
- (10) Includes 1,000 shares beneficially owned by Mr. Warren's spouse.
- (11) Includes (a) 3,477 shares allocated to Mr. Santi's account in the ITW Savings and Investment Plan; (b) 539,813 shares covered by options exercisable within 60 days; and (c) 13,463 performance restricted stock units which vest within 60 days.
- (12) Includes 31,233 shares covered by options exercisable within 60 days.
- (13) Includes (a) 1,150 shares allocated to Mr. Parry's account in the ITW Savings and Investment Plan; (b) 360,065 shares covered by options exercisable within 60 days; and (c) 13,463 performance restricted stock units which vest within 60 days.
- (14) Includes (a) 1,533 shares allocated to Mr. O'Herlihy's account in the ITW Savings and Investment Plan; (b) 118,148 shares covered by options exercisable within 60 days; and (c) 5,385 performance restricted stock units which vest within 60 days.

- (15) Includes (a) 311,256 shares covered by options exercisable within 60 days; and (b) 6,462 performance restricted stock units which vest within 60 days.

- (16) Includes (a) 2,055,463 shares covered by options exercisable within 60 days; (b) 65,833 restricted stock units and performance restricted stock units which vest within 60 days; and (c) 2,529,248 shares pledged as security prior to April 1, 2013.

Other Principal Stockholders

The following table shows, as of December 31, 2014, the only stockholders that we know to be beneficial owners of more than 5% of ITW common stock. The percent of class calculation is based on 383,196,213 shares of ITW common stock outstanding as of December 31, 2014. See Certain Relationships and Related Transactions for a description of the commercial banking services provided by The Northern Trust Company and its subsidiaries to the Company and the amount paid by the Company for these services.

Name and Address of

Beneficial Owner	Shares of Common Stock Beneficially Owned	Percent of Class
The Northern Trust Company 50 South LaSalle Street Chicago, IL 60603	42,881,332(1)	11.2%
Harold B. Smith c/o Illinois Tool Works Inc. 155 Harlem Avenue Glenview, IL 60025	34,005,956(2)	8.9%
State Farm Mutual Automobile Insurance Company Investment Dept. E-9 One State Farm Plaza Bloomington, IL 61710	23,322,178(3)	6.1%
The Vanguard Group 100 Vanguard Blvd. Malvern, PA 19355	21,280,849(4)	5.6%

- (1) The Northern Trust Company and its affiliates act as sole fiduciary or co-fiduciary of trusts and other fiduciary accounts that own an aggregate of 42,881,332 shares. They have sole voting power with respect to 14,132,211 shares and shared voting power with respect to 27,494,104 shares. They have sole investment power with respect to 3,231,777 shares and shared investment power with respect to 33,232,318 shares. The information above regarding number of shares was provided in a Schedule 13G/A filed with the SEC on February 12, 2015. In addition, The Northern Trust Company holds in other accounts, but does not beneficially own, 24,405,256 shares, resulting in aggregate holdings by The Northern Trust Company of 67,286,588 shares, or 17.6%.
- (2) Includes (a) 3,542 shares directly owned; (b) 23,144,327 shares owned in 11 trusts, and 6 family limited partnerships as to which Mr. Smith shares voting and investment power with The Northern Trust Company and others (22,877,325 of these shares are pledged to secure lines of credit); (c) 2,110,037 shares owned in 16 trusts and one family limited partnership as to which Mr. Smith shares voting and investment power with others (1,508,507 of these shares are pledged to secure lines of credit); (d) 8,147,664 shares owned in 8 trusts as to which Messrs. Smith and McCormack share voting and investment power with The Northern Trust Company and a third individual; (e) 598,150 shares owned in a revocable trust as to which Mr. Smith has sole voting and investment powers (598,150 of these shares are pledged to secure lines of credit); and (f) 2,236 shares owned by a charitable foundation of which Mr. Smith is a director.
- (3) State Farm Mutual Automobile Insurance Company has sole voting and investment power with respect to 23,154,700 shares and shared voting and investment power with respect to 167,478 shares. The information above regarding number of shares beneficially owned was provided in a Schedule 13G filed with the SEC on February 4, 2015.
- (4) The Vanguard Group has sole voting power with respect to 619,855 shares, sole investment power with respect to 20,686,073 shares and shared investment power with respect to 594,776 shares. The information above regarding number of shares beneficially owned was provided in a Schedule 13G filed with the SEC on February 10, 2015.

Section 16(a) Beneficial Ownership

Reporting Compliance

Section 16(a) of the Securities Exchange Act of 1934 requires that the Company's executive officers, directors and greater than 10% stockholders file reports of ownership and changes of ownership of ITW common stock with the SEC and the NYSE. Based on a review of copies of these reports provided to us during fiscal 2014 and written representations from executive officers and directors, we believe that all filing requirements were timely met during 2014.

Availability of Form 10-K and Annual Report

The Company is providing its annual report and its Annual Report on Form 10-K to stockholders who receive this proxy statement. The Company will provide copies of these reports to brokers, dealers, banks, voting trustees and their nominees for the benefit of their beneficial owners of record. Additional copies of this proxy statement, the annual report and the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2014 are available without charge upon written request to Illinois Tool Works Inc., 155 Harlem Avenue, Glenview, IL, 60025, Attention: Secretary. You may also review the Company's SEC filings by visiting the Company's website at www.itw.com.

Compensation Discussion and Analysis

The Compensation Discussion and Analysis provides detailed information about ITW's compensation programs, policies, and practices as well as the principles and philosophy utilized by the Compensation Committee (the Committee) regarding these programs for the named executive officers (NEOs) in the Summary Compensation Table. For 2014, our NEOs are:

E. Scott Santi, President & Chief Executive Officer

David C. Parry, Vice Chairman

Michael M. Larsen, Senior Vice President, Chief Financial Officer

Roland M. Martel, Executive Vice President

Christopher A. O'Herlihy, Executive Vice President

Executive Summary

The Company emphasizes a total compensation approach in establishing individual executive compensation levels with each element of compensation serving a specific purpose. In addition to paying a competitive base salary, we use a mix of different performance-based elements of compensation that reward different aspects of both Company and individual performance. The Company's executive compensation program consists primarily of three elements: short-term cash compensation (base salaries and annual cash incentives), long-term incentive compensation (stock options, restricted stock units and cash), and retirement benefits as illustrated in the table on the following page.

Component	Objective	Alignment with Stockholder Value Creation
Annual Cash Compensation		
Base Salary	<p>Provide a base wage that is competitive to attract and retain highly qualified leaders</p> <p>Reflective of individual performance, experience, and scope of responsibility</p>	
Annual Executive Incentive Plan (EIP)	Motivate executives to achieve annual company and business performance and individual goals	Focused on diluted income per share from continuing operations (EPS), income growth and individual objectives designed to deliver strategic business imperatives
Long-Term Incentives		
Stock Options	Motivate executives to make decisions that focus on long-term stockholder value	Award value based on sustained long-term growth in ITW stock price
Performance-Based RSUs (PRSUs)	Retain highly qualified leaders	Use EPS metric and payout based on sustained long-term growth in ITW stock price
Long-Term Incentive Cash (LTI Cash)	Reward executives for delivering on the Company's long-term performance goals	Focused on operating margins, return on average invested capital* (ROIC), and organic revenue growth metrics in alignment with ITW's current enterprise strategy and progress towards the Company's stated 2017 performance goals
U.S. Retirement Plans		

Two retirement savings plans: a 401(k) plan and a nonqualified deferred compensation plan.

Two pension plans: a qualified pension plan and a nonqualified pension plan to restore benefits otherwise lost due to IRS limitations on qualified plan compensation. The U.S. pension plans were closed to new entrants effective January 1, 2007.

Other Programs

Change in Control Severance Policy: two times annual cash compensation (base salary plus average annual incentive) and a pro rata payout of outstanding cash incentive awards upon a qualifying termination after change in control. Same double-trigger (qualifying termination after change in control) applies to equity acceleration. No tax gross-ups.

* The definition of ROIC can be found in **Appendix D**.

2014 Target Compensation

Our target pay mix is intended to create a strong correlation between the executive's pay and corporate or segment performance. The compensation elements based on corporate or business segment performance include our EIP, LTI Cash, and equity incentives. The largest single element of pay is delivered through equity awards with multi-year vesting schedules to align the interests of our executive officers with the long-term interests of our stockholders. The following charts illustrate the allocation of our total direct compensation opportunity at target levels for 2014 between fixed and variable elements, as well as between short- and long-term elements.

Total target compensation as used in the charts above is the sum of base salary, target EIP and the grant date fair value of LTI Cash and equity incentives.

2014 Financial Performance

2014 was another successful year for ITW as the Company delivered solid operational and financial performance. In the second year of the Company's five-year Enterprise Strategy, the Company achieved strong financial results, which impacted the annual and long-term incentive compensation earned by ITW's executives, including the NEOs. Financial highlights of the year include:

Total shareholder return (stock price appreciation plus dividends) of 117.21% over the three years ended on December 31, 2014, which compares favorably with the performance of companies included in the Company's executive compensation peer group, where the median total shareholder return over the same three-year period was 78.54%. ITW's common stock provided a total shareholder return of 14.98% during 2014.

Earnings of \$4.67 per share increased 28.7% from 2013.

Total revenues of approximately \$14.5 billion, increased 2.5% from 2013, as ongoing product line simplification activities associated with the portfolio management component of ITW's Enterprise Strategy reduced 2014 revenue growth by approximately one percentage point.

Operating margins increased by 210 basis points to 19.9%, an all-time high for the Company. Operating income was \$2.9 billion, also an all-time high for the Company and an increase of 14.9% from 2013.

ROIC, a non-GAAP financial measurement, improved 260 basis points to 18.9%.

The Company repurchased 50.4 million of its outstanding shares and increased its dividend by 15%. The Company's annual dividend payment has increased for more than 50 consecutive years, except during a period of government controls in 1971.

The effective execution of ITW's Enterprise Strategy enabled this strong financial performance. The core concept of ITW's Enterprise Strategy is to refocus the entire Company to deliver on the compelling performance potential of ITW's unique and highly differentiated business model. We believe that each element of our compensation structure plays an integral role in motivating our employees to maximize the performance potential of ITW.

Overview of Key 2014 Compensation Decisions

The following describes certain significant actions and changes to our executive compensation practices for the NEOs. We believe these practices reflect good corporate governance in our compensation policies while continuing to recognize and reward superior company, segment and individual performance.

Annual Executive Incentive Plan

- i EIP awards for 2014 were based 80% on the Financial Performance Component and 20% on Individual Objectives. The 2014 Financial Performance Component for corporate executives was based 100% on Company EPS performance and for operating executives was based 50% on Company EPS and 50% on the operating income of their respective business segments. In addition, in order to promote proper pay-for-performance and maintain alignment with peers, the Committee changed the payout range of the EIP to 0% to 200% of target. In 2014, EIP was earned at an average of 182% of target for corporate executives and varied from 173% to 177% of target for operating executives who are NEOs.

Annual Executive Incentive Plan Weighting Adjustment

- i In 2014, the Committee changed the defined award level of the EIP from a maximum opportunity to a target as a percentage of base salary. As such, the payout range was changed from 0% to 100% of maximum opportunity to 0% to 200% of target. These adjustments are intended to promote pay-for-performance and maintain alignment with peers.
- Simultaneously, in order to be better positioned to attract and retain the caliber of talent required to deliver on our business strategies, the Committee also changed the weighting between base salary and EIP to better align with our peer companies while continuing to emphasize pay-for-performance. Beginning in 2014, the base salary component was increased while the target EIP component was decreased by a corresponding amount, without increasing the total annual target cash compensation.

Officer	Base Salary as a Percentage of Annual Cash Compensation at Target		EIP as a Percentage of Annual Cash Compensation at Target	
	2013	2014	2013	2014
CEO	38%	40%	62%	60%
Vice Chair	38%	53%	62%	47%
CFO		53%		47%
Other NEOs	38%	56%	62%	44%

Long-Term Incentives

- i Weightings of the long-term incentive award components remained the same as 2013. The weighting for the CEO was 40% stock options, 30% PRSUs and 30% LTI Cash, and the weighting for the other NEOs was one-third each for stock options, PRSUs and LTI Cash. PRSUs for the 2012-2014 performance period were earned at 100% of target, and LTI Cash for the 2012-2014 performance period was earned at 94.4% of target.
- i For 2014, the revenue metric for the 2014-2016 LTI Cash award was changed from revenue growth to organic revenue growth to better align the metrics with our Enterprise Strategy. The weighting of the performance metrics for this performance period is one-third for each metric operating margin, ROIC and organic revenue growth.

Compensation Governance

- i The Committee engaged an independent advisor, Frederic W. Cook & Co., Inc. (Cook), to work directly on its behalf and in cooperation with management to review ITW's executive compensation program, confirm appropriateness of our comparison (peer) companies, and assess our compensation governance process.
- i With Cook, the Committee reviewed our programs and believes that our compensation programs and policies are appropriately designed to encourage our employees to act in the long-term best interests of our stockholders and to not take unnecessary or excessive risks that could be potentially harmful to the Company.
- i The Committee considered the 97.6% approval by our stockholders of the compensation of our NEOs in 2014, and determined that no particular adjustments to its executive compensation practices were necessary as a result of the Say on Pay vote.
- i We hold an advisory vote to approve our executive compensation annually.

Ongoing Best Practices

We regularly review and refine our executive compensation program to ensure that it continues to reflect practices and policies that are aligned with our pay-for-performance philosophy and the interests of our stockholders. In this regard, our compensation program reflects the following:

What We Do

- ü We use a clear and consistent compensation strategy using EPS and operating income as the common Company annual performance metric
- ü We maintain a Compensation Recovery Policy (clawback policy) requiring the reimbursement of incentives if a material financial restatement is required
- ü We have stock ownership guidelines linking the interests of long-term stockholders to our executives and mitigating compensation-related risk
- ü We engage an independent compensation consultant who provides regular updates to the Committee on current trends and key developments in executive compensation programs and practices
- ü We conduct an annual review of the CEO s performance as well as the other NEOs

What We Don t Do

- We do not provide executives with employment agreements
- We do not provide perquisites or gross ups as part of our change of control agreements
- We do not allow share repricing within our stock option plan
- We prohibit officers, directors, and employees from hedging, making new pledges, short selling or publicly trading options involving ITW common stock
- We do not allow immediate vesting of equity awards that are continued or replaced upon a change-in-control; all such awards allow only double-trigger vesting (change-in-control and termination)

Compensation Philosophy

Our executive compensation philosophy is designed to deliver competitive total compensation, upon the achievement of individual and business performance objectives, which will attract, motivate and retain leaders who will drive the creation of stockholder value. It is reflective of our overall operating philosophy and is based on the following key elements:

Total pay targeted at market median over the long-term:

- i Above-median pay for above-median performance; and
- i Below-median pay for below-median performance.

Amount of short- and long-term pay at risk increases with responsibility and influence.

Pay-for-performance through short-term incentive, linking pay to individual and business segment performance.

Long-term incentive portion of pay-at-risk aligns executive and stockholder interests by influencing decisions that help ensure the long-term growth and health of ITW.

Role of Compensation Committee

The Committee conducts an annual review of its practices and the executive compensation of our senior officers to ensure:

The elements of the total compensation package are aligned with the market to attract and retain the caliber of talent required to deliver on our business strategies;

Pay decisions are meaningfully differentiated to appropriately reflect the contributions of our highest performers; and

Our incentive programs drive performance aligned with our Enterprise Strategy, culture and values system.

In making its executive compensation decisions and recommendations, the Committee is guided by the following factors:

Our compensation philosophy;

Compensation comparisons from a peer group of diversified multinational industrial companies with similar size, value, and complexity; and

Management's contribution to our short- and long-term goals based on profitable growth and strong returns on capital.

See Board of Directors and Its Committees' Compensation Committee for more information about the function of the Compensation Committee.

Role of Compensation Consultant

As previously stated, the Committee has engaged Cook as its independent compensation consultant. In 2014, to support the Committee's annual review of our executive compensation, Cook conducted a marketplace review of the compensation we pay to our executive officers. Cook provided the Committee with relevant market data, benchmarked our compensation against our peer companies, performed a look-back review of pay and performance compared to our peers, and reviewed the peer group of companies used for comparison purposes. Cook also reviewed the Compensation Discussion and Analysis and Executive Compensation sections prior to inclusion in this proxy statement and assisted the Committee with its assessment of compensation-related risk.

In February and October 2014, the Committee received information presented by Cook addressing the independence of Cook and the senior advisor serving the Committee, including the following factors: (i) other services provided to us by Cook; (ii) fees paid by us as a percentage of Cook's total revenue; (iii) policies or procedures of Cook that are designed to prevent conflicts of interest; (iv) any business or personal relationships between the senior advisor and the members of the Committee; (v) any ITW stock owned by the senior advisor or any immediate family member; and (vi) any business or personal relationships between our executive officers and the senior advisor. Based on this

information and our own inquiries, the Committee concluded that the work performed by Cook and its senior advisor involved in the engagement did not raise any conflict of interest.

Peer Companies

The Committee has identified a group of comparable companies, which we refer to as the peer group, to benchmark executive pay and provide competitive market data to be used in establishing and recommending each element of compensation. The peer group is reviewed annually by the Committee with assistance from Cook and is selected using the following criteria:

U.S. publicly traded companies from ITW's same and related industries, identified based on Standard & Poor's Global Industry Classification Standard (GICS) codes;

Companies from one-fourth to four times ITW's revenue and market cap with broadly similar businesses and pay models;

Companies that compete for the same customers with similar products/services; and

Companies with whom we may compete for executive talent.

In connection with its annual review in 2014, the Committee removed United Technologies from the Company's peer group and added BorgWarner and Pentair. The Committee removed United Technologies as it is too large in relation to ITW and is no longer considered a direct competitor. The Committee added BorgWarner Inc. and Pentair plc since both companies meet the size criteria as recommended by Cook, list ITW as a peer, and are in ITW's Institutional Shareholder Services 2014 peer group. As a result, the Committee identified the following 19 companies to be used as the Company's peer group in 2014:

3M Company	Dover Corp	Johnson Controls, Inc.
BorgWarner Inc.	E. I. DuPont De Nemours and Co.	Masco Corp
Caterpillar Inc.	Eaton Corp.	Parker-Hannifin Corp.
Cummins Inc.	Emerson Electric Company	PPG Industries Inc.
Danaher Corp.	Honeywell International Inc.	Pentair plc
Deere & Company	Ingersoll-Rand Company Ltd.	Textron Inc.
		TRW Automotive Holdings Corp.

The revenue median (as of the latest fiscal year end) of the peer group is \$17.4 billion and the median market cap is \$26.9 billion, versus \$14.5 billion and \$36.3 billion, respectively, for ITW.

The nature of our decentralized and diverse lines of business present challenges in identifying similar organizations for comparison purposes; however, we believe that the peer group selected provides relevant comparisons. While peer group data is not directly used to set any particular element of compensation, the Committee believes that in order to attract, retain and motivate our NEOs, total compensation levels for these executives should be considered against the median peer group level over the long term.

Management's Contributions to Our Growth

Our decentralized operating structure enables our business managers to make decisions in light of local end market conditions and customer needs. It is also an important element in developing and retaining our senior managers and in creating high job satisfaction. Our business managers are empowered to make the decisions necessary to serve their customers and grow their businesses and are accountable for their results. Our compensation philosophy supports this business model by emphasizing appropriate performance incentive programs. For example, business managers who grow operating income and achieve personal objectives are rewarded through the annual incentive program. Our executive management's role is to ensure that these decisions are carried out in accordance with our Enterprise Strategy, operating plans and values and expectations for the near and long-term and are in the best interests of the Company and our stockholders.

Compensation Decisions and Individual Compensation Levels

On an annual basis, the CEO reviews the total compensation of the executive officers and makes recommendations to the Committee based on his assessment of each executive's individual performance and the peer group compensation information. The Committee makes recommendations to the independent directors regarding the CEO's compensation based on an assessment of the CEO's performance and data relative to compensation of CEOs of the peer group. The Committee believes that it is appropriate to benchmark the levels of base salary, annual incentive, and longer-term incentives of our CEO to the total compensation being provided to CEOs of our peer group. There are no material differences in the policies and decision processes used in setting compensation for the CEO and the other NEOs. However, the different levels of compensation for the NEOs as shown in the Summary Compensation Table of this proxy statement reflect internal factors such as each executive's scope of responsibility, impact on profitable growth, breadth of experience and length of Company service, as well as external market data from the peer group.

Use of Discretion in Setting Compensation

The Company's compensation programs recognize the importance of ensuring that discretion is provided to the CEO and Committee in determining compensation levels and awards. In setting base salaries and cash incentive awards, and in determining grants of equity awards, the CEO and Committee use judgment to align compensation with both external data, individual responsibilities, potential, and achievement.

Base Salary

In determining base salary, the CEO and the Committee consider the size and scope of the executive officers' responsibilities, past experience, performance, future potential and the median base salary of similar positions at our peer group companies. The Committee believes that median base salary is an appropriate general reference point to use for encouraging solid performance. Base salaries are reviewed annually, and adjustments are intended to recognize performance and contributions over the prior year, as well as any significant changes in duties or scope of responsibility. Adjustments to base salary also take into account peer group information and the individual's total compensation.

We have a common annual review process beginning in December and concluding in February for base salary and incentive compensation for all of our executive officers. This process allows the Committee and the CEO to review base compensation and discuss recommended changes considering individual contributions to overall financial and operating results for the year and to set objectives for the upcoming year.

In February 2014, the Compensation Committee reviewed Mr. Santi's performance and approved a base salary increase to \$1,100,000 from \$1,000,000. It should be noted that Mr. Santi did not receive an increase to his base salary in 2013, and his salary was below the median of CEOs in our peer group. For the other NEOs except Mr. Larsen, the Committee approved recommended base pay increases that ranged between 4.0% and 4.5%, except for Mr. O'Herlihy who received a 10% increase. These base salary increases were effective March 3, 2014. There was no change in Mr. Larsen's base salary for 2014 following him joining the Company in 2013.

Annual Executive Incentive Plan

We believe that managers generally should be rewarded for contributions to overall financial success measured by income growth of their business segment and the Company as a whole, as well as for individual accomplishments that contribute to the longer-term success of the business. Achieving our annual business and financial objectives is important to executing our business strategy and delivering long-term value to stockholders.

In order to assure deductibility of the EIP awards for the NEOs for 2014, such awards were made pursuant to the 2011 Cash Incentive Plan, and then adjusted in accordance with EIP performance measures and goals. The Committee determines and recommends for approval by the independent directors the award amount for the CEO. The Committee considers recommendations from the CEO and approves EIP awards for our other NEOs.

The EIP in 2014 was designed around two elements: the Financial Performance Component and Individual Objectives. For 2014, the Financial Performance Component constituted 80% of each NEO's potential award opportunity. The remaining 20% was based on the Individual Objectives. The Financial Performance Component weighting for the CEO, Vice Chairman, and CFO was based 100% on year-over-year growth in EPS to be aligned with our stockholders' interests and with our disciplined and return-focused capital allocation strategy. For operating executives, the weighting of the Financial Performance Component was based 50% on EPS performance and 50% on the operating income growth of their respective business segment. These weightings are intended to emphasize financial performance and reinforce the importance of collaborating across businesses.

The Financial Performance components are recommended by management and are approved by the Committee at the start of the performance year. The Individual Objectives for the CEO are established by the Committee annually, and the Individual Objectives for each of the other NEOs are recommended by the CEO and approved by the Committee. The Committee has the discretion to make adjustments in the calculation of financial performance to eliminate factors beyond the control of management and to eliminate possible disincentives to act in the long-term best interests of the Company and our stockholders.

2014 Financial Performance Component of the Executive Incentive Plan

For 2014, executive officers were eligible to earn a payment on the Financial Performance Component according to the performance scales below.

	Performance Goal (EPS)	Performance Goal (Operating Income)	Payout (as a % of Target)
Maximum	120%	120%	200%
Target	110%	106%	100%
Threshold	90%	85%	50%

The following table shows the actual goal achievement of the Financial Objectives for the NEOs:

Named Executive Officer	2013 Company EPS or Segment Income Levels	2014 Company EPS or Segment Income Levels(1)	% of Achievement (By Group)	Financial Perf. Component (% of Target) (By Group)	Final Financial Perf. Component %(1)
E. Scott Santi	\$ 3.63	\$ 4.34	119.6%	195.6%	195.6%
Michael M. Larsen	\$ 3.63	\$ 4.34	119.6%	195.6%	195.6%
David C. Parry	\$ 3.63	\$ 4.34	119.6%	195.6%	195.6%
Roland M. Martel(2)	\$ 565M	\$ 668M	118.2%	187.3%	191.5%
Christopher A. O Herlihy(2)	\$ 433M	\$ 499M	115.3%	166.2%	180.9%

- (1) 2014 EPS of \$4.67 was reduced by \$0.33 per share to exclude the impact resulting from the repurchase of approximately 50 million shares, net of related interest expense, as part of ITW's share repurchase program related to the divestiture of the Industrial Packaging segment.
- (2) The Final Financial Performance Component award percentages shown in the last column above for Messrs. Martel and O Herlihy combine the achievement level for their respective business segment with that of the Company EPS.

2014 Individual Objectives of the Executive Incentive Plan

The Individual Objectives represent the personal objectives element of the EIP awards and are more subjective than the Financial Performance Component. In early 2014, each NEO submitted in writing his proposed Individual Objectives. Each NEO, other than Mr. Santi, discussed his proposed objectives and weightings with Mr. Santi, who used his judgment of each executive's role and responsibilities, as well as the strategic goals of the Company, to review and approve the objectives before recommending them to the Committee. The Committee discussed these recommendations with Mr. Santi prior to final approval. Mr. Santi discussed his proposed Individual Objectives for 2014 with the Committee. The Committee used its judgment and understanding of the strategic goals of the Company to review and approve the Individual Objectives for Mr. Santi.

The following is a description of the 2014 objectives as approved by the Committee. The objectives for Mr. Santi focused on executing the second year of the Enterprise Strategy, financial goals, organic growth, and talent management initiatives. Mr. Parry's objectives focused on executing the second year of the Enterprise Strategy, financial goals, organic revenue growth and talent management initiatives. Mr. Larsen's objectives focused on executing the second year of the

Enterprise Strategy, financial goals and finance organization goals. The objectives for Mr. Martel and Mr. O Herlihy focused on Enterprise Strategy goals, organic revenue growth within their business segments, and talent management initiatives.

Following the end of the year, each NEO submitted a written self-appraisal with his own assessment of the level of achievement reached in 2014 for each of his personal objectives. Mr. Santi reviewed the self-appraisals of the other NEOs and had collaborative discussions with each of these executives. Mr. Santi used his judgment of each NEO's performance against the objectives, considering completion of objectives and the quality of the work performed, to reach his assessment of the overall achievement level prior to submitting his recommendations for approval by the Committee. The Committee reviewed Mr. Santi's self-appraisal for 2014 and held collaborative discussions with Mr. Santi before using its judgment of his performance against his objectives to reach its assessment of his overall Individual Objective achievement level. The independent directors approved the Committee's recommendation.

Based on the Committee's determination of achievement of Mr. Santi's 2014 Individual Objectives, and upon Mr. Santi's recommendations for the other NEOs, the following Individual Objective achievement percentages were assigned: 125% for Mr. Santi; 130% for Mr. Parry; 130% for Mr. Larsen, 120% for Mr. Martel; and 140% for Mr. O Herlihy.

2014 Annual Cash Incentive Total Payouts

The total 2014 payouts to the NEOs ranged from 172% to 182% of target award level, and were determined as follows:

Named Executive Officer	Award Target	Year-End 2014 Salary	Final Finl. Perf. Comp Award (% of Target)	Finl. Perf. Amount	Final Ind. Obj. Award (% of Target)	Ind. Obj. Amount	Total Award(1)
E. Scott Santi	150%	\$ 1,100,000	195.6%	\$ 2,581,920	125.0%	\$ 412,500	\$ 2,994,420
Michael M. Larsen	90%	\$ 650,000	195.6%	\$ 915,408	130.0%	\$ 152,100	\$ 1,067,508
David C. Parry	90%	\$ 715,825	195.6%	\$ 1,008,111	130.0%	\$ 167,503	\$ 1,175,614
Roland M. Martel	80%	\$ 517,920	191.5%	\$ 634,597	120.0%	\$ 99,441	\$ 734,038
Christopher A. O Herlihy	80%	\$ 481,800	180.9%	\$ 557,809	140.0%	\$ 107,923	\$ 665,732

(1) These amounts are included in the Summary Compensation Table under Non-Equity Incentive Plan Compensation.

Long-Term Incentives

We believe that ensuring the long-term growth and profitability of the business is a primary management responsibility. Therefore, a significant portion of an executive officer's compensation should be directly linked to key metrics that consider the long-term perspective, such as EPS, ROIC, operating margins, organic revenue growth and ITW's stock performance over time. Long-term incentive awards are granted to executives and other key employees whose positions can directly affect the Company's long-term performance.

The value of the overall long-term incentive grant to the CEO is determined by the Committee using its discretion, subject to approval by the independent directors. Awards to the

other NEOs are recommended by the CEO to the Committee for approval and are subject to the discretion of the CEO in making the recommendations, as well as of the Committee in approving the awards. The key factors in determining the awards have been the executive's position, performance, potential to contribute to the long-term success of the Company, tenure with the Company, and prior grants. In addition, although we generally do not establish any specific target or prescribed value in relation to peer groups, comparisons are made to long-term incentive levels in the peer group compensation data. Because the Committee and the CEO in their discretion may consider factors they deem relevant in determining an executive's overall award, the award in any given year may differ from historical amounts.

For 2014, our NEOs received stock options, PRSUs, and LTI Cash awards. We believe that stock options are an effective incentive for senior executives on a long-term basis because they directly align the interests of the executives with those of our stockholders, as an unexercised stock option has no realizable value if the price of ITW's common stock falls below the exercise price. The stock option grants are combined with PRSUs and LTI Cash to more closely align long-term incentives with our business initiatives and increase emphasis on key financial performance metrics. The weightings of the total target values of the 2014 long-term incentive equity and cash grants were as follows:

	Stock Options (%)	PRSUs (%)	LTI Cash (%)
CEO	40.0%	30.0%	30.0%
Other Named Executive Officers	33.3%	33.3%	33.3%

The Committee has established specific vesting and expiration provisions associated with termination of employment due to death, disability and retirement, as defined by the Committee, and forfeiture provisions upon other termination of employment. The Committee, in its sole discretion, may deem a long-term incentive award, whether vested or unvested, to be immediately forfeited if the recipient competes with the Company, engages in gross misconduct or conduct that is against the business interests of the Company, or divulges confidential information about the Company to others.

2014 Stock Option Awards

The 2014 stock options vest in equal installments over a four-year period ending in 2018. Stock options are granted with an exercise price equal to the fair market value of the common stock on the date of grant and normally expire ten years after the grant date. We currently grant only non-qualified stock options because we believe that the tax benefits to the Company of non-qualified stock options outweigh the potential tax benefits to the NEOs of incentive stock options.

2014 Performance-Based RSU Awards

PRSUs vest in full three years from the date of grant, subject to the achievement of the performance goal set at the beginning of the performance period. PRSUs are granted based on the fair market value of one share of ITW common stock on the date of grant.

For PRSUs granted in 2014, the performance goal is based on cumulative EPS from continuing operations over a three-year performance period (2014 through 2016) based on a sliding scale. The target/maximum is \$9.70 cumulative EPS over the three-year performance period, and the achievement of the target/maximum will result in a payout of the maximum number of shares subject to the PRSU. If less than \$7.70 cumulative EPS is achieved, none of these PRSUs will vest. If EPS growth is at or above the \$7.70 threshold but below the \$9.70 target/maximum, a portion of the awards will vest in proportion to the level of EPS achieved.

2014 Long-Term Incentive Cash Awards

In February 2014, our NEOs received an annual LTI Cash award with a three-year performance period. The total compensation of our executives and the mix of compensation components of our executives relative to the peer group were considerations in setting the target award amounts.

The goals for the 2014 LTI Cash awards over the performance period (2014 through 2016) are equally weighted and based on operating margin, ROIC, and organic revenue growth. The payout at the end of the performance period will be based on the following sliding payout scale:

	Operating Margin	Average ROIC	Organic Revenue Growth	Payout (as a % of Target)
Maximum	20%	19%	5%	150%
Target	18%	17%	3%	100%
Threshold	15%	15%	1%	50%

2012 Long-Term Incentive Cash Award Payouts

The LTI cash award granted in 2012 under the Company-wide Growth Plan (CGP) in effect at that time (with a three-year performance period ended December 31, 2014) was based 60% on ROIC (as reported in our financial statements as of the time that financial results for each year were publicly released) and 40% on revenue growth. After excluding revenues of \$921 million in 2012 and \$1.1 billion in 2011 related to our former Decorative Surfaces segment which was divested in 2012, the 2012 LTI Cash award achieved a payout level of 94.4% of the target award and was determined as follows:

	2012	2013	2014	Total	Payout (% of Target)
ROIC	15.0%	16.3%	18.9%	16.7%	118.3%
Revenue Growth	3.3%	1.9%	2.5%	2.7%	58.5%

We had no preferred stock outstanding for any period presented in the table and, accordingly, our ratio of earnings to combined fixed charges and preferred stock dividends is the same as our ratio of earnings to fixed charges.

The term "earnings" is the amount resulting from adding the following items to the extent applicable:

pre-tax income from continuing operations before adjustment for income or loss from equity investees;

fixed charges;

amortization of capitalized interest;

distributed income of equity investees; and

pre-tax losses of equity investees for which charges arising from guarantees are included in fixed charges;
and subtracting from the total the following:

interest capitalized;

preference security dividend requirements of consolidated subsidiaries; and

the non-controlling interest in pre-tax income of subsidiaries that have not incurred fixed charges;
For this purpose, fixed charges consists of:

interest expense and amortization of discounts, premiums and capitalized expenses on indebtedness;

interest capitalized;

an estimate of the portion of annual rental expense on operating leases that represents interest attributable to rentals; and

preference security dividend requirements of consolidated subsidiaries.

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General Description of Securities That We May Sell

We may offer and sell, at any time and from time to time:

our debt securities, in one or more series, which may be senior debt securities or subordinated debt securities;

shares of our common stock;

shares of our preferred stock;

warrants to purchase any of the other securities that may be sold under this prospectus;

stock purchase contracts; and

stock purchase units.

The terms of any securities we offer will be determined at the time of sale. We may issue debt securities that are exchangeable for or convertible into common stock or any of the other securities that may be sold under this prospectus.

The Description of Debt Securities, Description of Capital Stock, Description of Warrants and Description of Stock Purchase Contracts and Stock Purchase Units sections that follow provide general descriptions of the securities that may be offered by this prospectus. These general descriptions are not meant to be complete descriptions of the securities. The prospectus supplement will contain the material terms and conditions of the securities offered by such prospectus supplement.

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Description of Debt Securities

The debt securities this prospectus covers will be MPC's general unsecured obligations. The debt securities may be either senior debt securities or subordinated debt securities. MPC will issue senior debt securities under an indenture, which we refer to in this description as the senior indenture, dated February 1, 2011 between MPC and The Bank of New York Mellon Trust Company, N.A. as trustee. MPC will issue subordinated debt securities under a subordinated indenture, which we refer to in this description as the subordinated indenture, to be entered into between MPC and The Bank of New York Mellon Trust Company, N.A., as trustee. In this description, we sometimes call the senior indenture and the subordinated indenture the indentures.

We have summarized the provisions of the indentures and the debt securities below. You should read the indentures for more details regarding the provisions described below and for other provisions that may be important to you. We have filed the senior indenture and the form of subordinated indenture with the SEC as exhibits to the registration statement, and we will include any other instrument establishing the terms of any debt securities we offer as exhibits to a filing we will make with the SEC in connection with that offering. See [Where You Can Find More Information](#).

The following description primarily relates to senior debt securities that we may issue under the senior indenture. We have summarized some of the provisions of the subordinated indenture below under the caption [Subordinated Debt Securities](#). If we offer subordinated debt securities, we will provide more specific terms in the related prospectus supplement. In this summary description of the debt securities, all references to MPC, we, our or us mean Marathon Petroleum Corporation only and not any of its subsidiaries, unless we state otherwise or the context clearly indicates otherwise.

General

The senior debt securities will constitute senior debt of MPC and will rank equally with all its unsecured and unsubordinated debt. The subordinated debt securities will be subordinated to, and thus have a position junior to, any senior debt securities and all other senior debt of MPC. Neither indenture limits the amount of debt we may issue under the indenture or limits the amount of other unsecured debt or securities we may incur or issue. We may issue debt securities under either indenture from time to time in one or more series, each in an amount we authorize prior to issuance.

MPC derives substantially all its operating income from, and holds substantially all its assets through, its subsidiaries. As a result, MPC will depend on distributions of cash flow and earnings of its subsidiaries in order to meet its payment obligations under any debt securities it offers under this prospectus and its other obligations. These subsidiaries are separate and distinct legal entities and will have no obligation to pay any amounts due on MPC's debt securities or to provide MPC with funds for its payment obligations, whether by dividends, distributions, loans or otherwise. In addition, provisions of applicable law, such as those limiting the legal sources of dividends, could limit their ability to make payments or other distributions to MPC and they could agree to contractual restrictions on their ability to make distributions.

MPC's right to receive any assets of any subsidiary, and therefore the right of the holders of MPC's debt securities to participate in those assets, will be effectively subordinated to the claims of that subsidiary's creditors, including trade creditors. In addition, even if MPC is a creditor of any subsidiary, MPC's rights as a creditor would be subordinate to any security interest in the assets of that subsidiary and any indebtedness of that subsidiary senior to that held by MPC.

We may issue the debt securities of any series in definitive form or as a book-entry security in the form of a global security registered in the name of a depository we designate.

We may issue the debt securities in one or more series with various maturities. They may be sold at par, at a premium or with an original issue discount.

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Terms

The prospectus supplement relating to any series of debt securities being offered will specify whether the debt securities are senior debt securities or subordinated debt securities and will include specific terms relating to the offering. These terms will include some or all of the following:

the title of the debt securities;

any limit on the aggregate principal amount of the debt securities;

the person or entity to whom any interest will be payable, if that person or entity is not the registered owner of the debt securities;

the date or dates on which the principal of and any premium on the debt securities will be payable;

the rates, which may be fixed or variable, per annum at which the debt securities will bear interest, if any, and the date or dates from which any interest will accrue;

the dates on which the interest, if any, on the debt securities will be payable, and the regular record dates for the interest payment dates or the method for determining those dates;

the place or places where payments on the debt securities will be payable;

the terms and conditions on which the debt securities may, under any optional or mandatory redemption provisions, be redeemed;

any mandatory or optional sinking fund or similar provisions or provisions for mandatory redemption or purchase at the option of the holder;

the denominations in which the debt securities will be issuable, if other than denominations of \$1,000 or any multiple of that amount;

any commodities, currencies or indices, values, rates or prices or any other index or formula used to determine the amount of payment of principal of or any premium or interest on the debt securities;

if other than dollars, the currency, currency unit or other form of payment of principal of or any premium or interest on the debt securities;

if, at our election or the election of the holder, the principal of or any premium or interest on any debt securities is to be payable in one or more currencies or currency units other than those in which the debt securities are stated to be payable, the terms and conditions on which that election is to be made and the amount so payable;

if other than the full principal amount of the debt securities, the portion of the principal amount of the debt securities that will be payable on the declaration of acceleration of the maturity of the debt securities;

if the principal amount payable at maturity will not be determinable as of one or more dates prior to maturity, the amount that will be deemed to be the principal amount as of any such date;

any terms on which the debt securities may be convertible into or exchanged for securities or indebtedness of any kind of MPC or of any other issuer or obligor and the terms and conditions on which a conversion or exchange will be effected, including the initial conversion or exchange price or rate, the conversion period and any other additional provisions;

the applicability of the defeasance provisions described below under Satisfaction and Discharge; Defeasance under the Senior Indenture, and any conditions under which those provisions will apply;

if the debt securities will be issuable only in the form of a global security as described below under Book-entry Debt Securities, the depository for the debt securities;

any changes in or additions to the events of default or covenants this prospectus describes;

the payment of any additional amounts with respect to the debt securities;

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any amendments to the restrictions with respect to the transfer of exchange of the debt securities; and

any other material terms of the debt securities.

If we sell any of the debt securities for any foreign currency or currency unit or if payments on the debt securities are payable in any foreign currency or currency unit, we will describe in the prospectus supplement the restrictions, elections, tax consequences, specific terms and other information relating to those debt securities and the foreign currency or currency unit.

Restrictive Covenants Under the Senior Indenture

The restrictive covenants summarized below will apply to a series of senior debt securities (unless waived or amended) as long as any of those senior debt securities are outstanding, unless the prospectus supplement for the series states otherwise.

Creation of Certain Liens

If MPC or any subsidiary of MPC mortgages or encumbers as security for money borrowed any crude oil refinery which (1) is located in the United States and (2) is determined to be a principal property by MPC's board of directors in its discretion, MPC will, or will cause such subsidiary to, secure each series of senior debt securities issued under the senior indenture equally and ratably with all indebtedness or obligations secured by the mortgage then being given. This covenant will not apply in the case of any mortgage:

existing on the date of the senior indenture;

incurred in connection with the acquisition or construction of any property;

previously existing on acquired property or existing on the property of any entity when it becomes a subsidiary of ours;

in favor of the United States, any state, or any agency, department, political subdivision or other instrumentality of either, to secure payments to us under the provisions of any contract or statute;

in favor of the United States, any state, or any agency, department, political subdivision or other instrumentality of either, to secure borrowings for the purchase or construction of the property mortgaged;

to secure the cost of the repair, construction, improvement, or alteration of all or part of a principal property;

on various facilities, equipment and other personal property located at or on a principal property;

arising in connection with the sale of accounts receivable resulting from the sale of refined products or inventory; or

that is a renewal of or substitution for any mortgage permitted under any of the provisions described in the preceding clauses.

Notwithstanding the foregoing, MPC may, and may permit its subsidiaries to, grant mortgages or incur liens on property covered by the restriction described above as long as the net book value of the property so encumbered, together with all property subject to the restriction on sale and leaseback transactions described below, does not, at the time such Mortgage or lien is granted, exceed 15% of our Consolidated Net Tangible Assets, which the senior indenture defines to mean the aggregate value of all assets of MPC and its subsidiaries after deducting:

all current liabilities, excluding all long-term debt due within one year;

all investments in unconsolidated subsidiaries and all investments accounted for on the equity basis; and

all goodwill, patents and trademarks, unamortized debt discount and other similar intangibles;

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all determined in conformity with generally accepted accounting principles and calculated on a basis consistent with our most recent audited consolidated financial statements.

Limitations on Certain Sale and Leaseback Transactions

MPC and its subsidiaries are generally prohibited from selling and leasing back the principal properties described above under **Creation of Certain Liens**. However, this covenant will not apply if:

the lease is an intercompany lease between MPC and one of its subsidiaries or between any of its subsidiaries;

the lease is for a temporary period by the end of which it is intended that the use of the leased property will be discontinued;

MPC or a subsidiary of MPC could mortgage the property without equally and ratably securing the senior debt securities issued under the senior indenture under the covenant described above under the caption **Creation of Certain Liens** ; or

MPC promptly informs the trustee of the sale, the net proceeds of the sale are at least equal to the fair value of the property and within 180 days of the sale the net proceeds are applied to the retirement or in-substance defeasance of our funded debt (subject to reduction, under circumstances the senior indenture specifies).

Merger, Consolidation and Sale of Assets

The senior indenture provides that MPC may not merge or consolidate with any other entity or sell or convey all or substantially all its assets except as follows:

MPC is the continuing corporation or the successor entity (if other than MPC) is a corporation or other entity organized under the laws of the United States or any state thereof that expressly assumes the obligations of MPC under the senior indenture and the outstanding senior debt securities; and

immediately after the merger, consolidation, sale or conveyance, no event of default under the senior indenture shall have occurred and be continuing.

On the assumption by the successor of the obligations under the senior indenture, the successor will be substituted for MPC, and MPC will be relieved of any further obligation under the senior indenture and the senior debt securities.

The senior indenture defines **substantially all of its assets** as a portion of the non-current assets reflected in MPC's consolidated balance sheet as of the end of the most recent quarterly period that represents at least 66 ²/₃% of the total reported value of such assets.

Events of Default Under the Senior Indenture

The senior indenture defines an event of default with respect to the senior debt securities of any series as being any one of the following events:

- (1) MPC's failure to pay interest on any senior debt security of that series when due, continuing for 30 days;
- (2) MPC's failure to pay the principal of or premium on any senior debt security of that series when due and payable;

- (3) MPC's failure to deposit any sinking fund payment when due by the terms of the senior debt securities of that series;

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- (4) MPC's failure to perform under any other covenant or warranty applicable to the senior debt securities of that series and not specifically dealt with in the definition of "event of default" for a period of 90 days after written notice to MPC of that failure;
- (5) specified events of bankruptcy, insolvency or reorganization of MPC; or
- (6) any other event of default provided with respect to the senior debt securities of that series.

The trustee is required to give holders of the senior debt securities of any series written notice of a default with respect to that series as provided by the Trust Indenture Act. In the case of any default of the character described above in clause (4) of the immediately preceding paragraph, no such notice to holders must be given until at least 60 days after the occurrence of that default.

MPC is required annually to deliver to the trustee a certificate stating whether or not the signers have any knowledge of any default by MPC in its performance and observance of any terms, provisions and conditions of the senior indenture.

If an event of default (other than an event of default involving an event of bankruptcy, insolvency or reorganization of MPC) occurs and is continuing with respect to any series of senior debt securities, the trustee or the holders of not less than 25% in principal amount of the senior debt securities of that series then outstanding may declare the principal amount of those debt securities (or, in the case of any senior debt securities MPC issues at an original issue discount, the portion of such principal amount that we will specify in the applicable prospectus supplement) to be due and payable. If an event of default relating to any event of bankruptcy, insolvency or reorganization of MPC occurs, the principal of all the senior debt securities then outstanding (or, in the case of any senior debt securities MPC issues at an original issue discount, the portion of such principal amount that we will specify in the applicable prospectus supplement) will become immediately due and payable without any action on the part of the applicable trustee or any holder. The holders of a majority in principal amount of the outstanding senior debt securities of any series affected by the default may in some cases rescind this accelerated payment requirement. Depending on the terms of our other indebtedness, an event of default may give rise to cross defaults on our other indebtedness.

Any past default with respect to a series of senior debt securities may be waived on behalf of all holders of those senior debt securities by at least a majority in principal amount of the holders of the outstanding senior debt securities of that series, except a default:

in the payment of principal of or any premium or interest on any senior debt security of that series; or

respecting a covenant or provision that cannot be modified without the consent of the holder of each outstanding senior debt security of that series.

Any default that is so waived will cease to exist and any event of default arising from that default will be deemed to be cured for every purpose under the senior indenture, but no such waiver will extend to any subsequent or other default or impair any right arising from a subsequent or other default. In addition, once a default or event of default is cured, it ceases to exist.

A holder of a senior debt security of any series will be able to pursue any remedy under the senior indenture only if:

the holder has given prior written notice to the trustee of a continuing event of default with respect to the senior debt securities of that series;

the holders of at least 25% in principal amount of the outstanding senior debt securities of that series have made a written request to the trustee to institute proceedings with respect to the event of default;

the holders making the request have offered the trustee reasonable indemnity against costs, expenses and liabilities to be incurred in compliance with the request;

the trustee for 60 days after its receipt of the notice, request and offer of indemnity has failed to institute any such proceeding; and

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during that 60-day period, the holders of a majority in principal amount of the senior debt securities of that series do not give the trustee a direction inconsistent with the request.

Holders of senior debt securities, however, are entitled at any time to bring a lawsuit for the payment of principal and interest due on their debt securities on or after its due date. It is intended that rights provided for holders under the senior indenture are for the equal and ratable benefit of all such holders.

Modification of the Senior Indenture

MPC and the trustee may modify the senior indenture without the consent of the holders of the senior debt securities for one or more of the following purposes:

to evidence the succession of another person to MPC;

to add to covenants for the benefit of the holders of senior debt securities or to surrender any right or power conferred on MPC by the senior indenture;

to add additional events of default for the benefit of holders of all or any series of senior debt securities;

to add or change provisions of the senior indenture to allow the issuance of senior debt securities in other forms;

to add to, change or eliminate any of the provisions of the senior indenture respecting one or more series of senior debt securities under conditions the senior indenture specifies;

to secure the senior debt securities under the requirements of the senior indenture or to otherwise provide any security for, or add any guarantees of or additional obligors on, the senior debt securities of any series;

to establish the form or terms of senior debt securities of any series as permitted by the senior indenture;

to supplement the indenture as necessary to permit or facilitate the defeasance and discharge of a particular series of senior debt securities under conditions the senior indenture specifies;

to evidence the appointment of a successor trustee; or

to cure any ambiguity or to correct or supplement any provision of the senior indenture that may be defective or inconsistent with any other provision in the senior indenture, or to make any other provisions with respect to matters or questions arising under the senior indenture as shall not adversely affect the interests of the holders of senior debt securities of any series in any material respect.

MPC and the trustee may otherwise modify the senior indenture or any supplemental senior indenture with the consent of the holders of not less than a majority in aggregate principal amount of each series of senior debt securities affected. However, without the consent of the holder of each outstanding senior debt security affected, no modification may:

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change the fixed maturity or reduce the principal amount, reduce the rate or extend the time of payment of any premium or interest thereon, or change the currency in which the senior debt securities are payable, or adversely affect any right of the holder of any senior debt security to require MPC to repurchase that senior debt security;

reduce the percentage in principal amount of senior debt securities required for consent to any supplemental indenture or any waiver of compliance with certain provisions of the senior indenture or defaults thereunder and their consequences; or

make certain modifications to the provisions for modification of the senior indenture and for certain waivers, except to increase the principal amount of any senior debt securities or to provide that certain other provisions of the senior indenture cannot be modified or waived without the consent of the holder of each outstanding senior debt security affected thereby.

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Satisfaction and Discharge; Defeasance Under the Senior Indenture

Under certain circumstances, we will be deemed to have discharged the entire indebtedness on all of an outstanding series of senior debt securities.

The senior indenture will be satisfied and discharged with respect to a particular series of senior debt securities if:

MPC delivers to the trustee all senior debt securities of that series then outstanding for cancellation; or

all senior debt securities of that series have become due and payable or are to become due and payable within one year or are to be called for redemption within one year and MPC deposits an amount of cash or government obligations sufficient to pay the principal of and premium, if any, and interest on those senior debt securities to the date of maturity or redemption.

In addition to the right of discharge described above, we may deposit with the trustee funds or government securities sufficient to make payments on the senior debt securities of a series on the dates those payments are due and payable, then, at our option, either of the following will occur:

we will be discharged from our obligations with respect to the senior debt securities of that series (*legal defeasance*); or

we will no longer have any obligation to comply with the restrictive covenants under the senior indenture, and the related events of default will no longer apply to us, but some of our other obligations under the senior indenture and the senior debt securities of that series, including our obligation to make payments on those senior debt securities, will survive (*covenant defeasance*).

If we defease a series of senior debt securities, the holders of the senior debt securities of the series affected will not be entitled to the benefits of the senior indenture, except for our obligations to:

register the transfer or exchange of senior debt securities;

replace mutilated, destroyed, lost or stolen senior debt securities; and

maintain paying agencies and hold moneys for payment in trust.

As a condition to either legal defeasance or covenant defeasance, we must deliver to the trustee an opinion of counsel that the holders of the senior debt securities of that series will not recognize gain or loss for federal income tax purposes as a result of the action. In the case of legal defeasance, that opinion of counsel must be based upon a ruling from the U.S. Internal Revenue Service or a change in law to that effect.

Subordinated Debt Securities

Although the senior indenture and the subordinated indenture are generally similar and many of the provisions discussed above pertain to both senior and subordinated debt securities, there are many substantive differences between the two indentures. This section discusses some of those differences.

Subordination

Subordinated debt securities will be subordinate, in right of payment, to all senior debt, which the subordinated indenture defines to mean, with respect to MPC, the principal of and premium, if any, and interest on:

all indebtedness of MPC, whether outstanding on the date of the subordinated indenture or subsequently created, incurred or assumed, including, without limitation, all indebtedness which is (a) for money borrowed or (b) evidenced by a note or similar instrument given in connection with the acquisition of any business, properties or assets, including securities;

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any indebtedness of others of the kinds described in the preceding clause for the payment of which MPC is responsible or liable (directly or indirectly, contingently or otherwise) as guarantor or otherwise; and

amendments, renewals, extensions and refundings of any indebtedness described in the two preceding clauses, unless in any instrument or instruments evidencing or securing that indebtedness or pursuant to which the same is outstanding, or in any such amendment, renewal, extension or refunding, it is expressly provided that such indebtedness is not pari passu or superior in right of payment to the subordinated debt securities of any series.

Restrictive Covenants Under the Subordinated Indenture

The covenants described above under *Restrictive Covenants Under the Senior Indenture* will not apply to the subordinated debt securities under the subordinated indenture.

Defeasance of Subordinated Debt Securities

The subordination of the subordinated debt securities is expressly made subject to the provisions for legal defeasance and covenant defeasance (for similar provisions, see *Satisfaction and Discharge; Defeasance Under the Senior Indenture*). On the effectiveness of any legal defeasance or covenant defeasance with respect to outstanding subordinated debt securities, those debt securities will cease to be subordinated.

Governing Law

New York law will govern the indentures and the debt securities.

The Trustee

The Bank of New York Mellon Trust Company, N.A. is the trustee under the senior indenture and will be the trustee under the subordinated indenture. The Bank of New York Mellon Trust Company, N.A. and its affiliates may perform certain commercial banking services for us from time to time for which they will receive customary fees.

If an event of default occurs under an indenture and is continuing, the trustee under the indenture must use the degree of care and skill of a prudent person in the conduct of his own affairs. The trustee will become obligated to exercise any of its powers under that indenture at the request of any of the holders of any debt securities issued under that indenture only after those holders have offered the trustee indemnity reasonably satisfactory to it.

Each indenture limits the right of the trustee, if it is one of MPC's creditors, to obtain payment of claims or to realize on certain property received for any such claim, as security or otherwise. The trustee may engage in other transactions with MPC. If it acquires any conflicting interest, however, it must eliminate that conflict or resign within 90 days after ascertaining that it has a conflicting interest and after the occurrence of a default under the applicable indenture, unless the default has been cured, waived or otherwise eliminated within the 90-day period.

Exchange, Registration and Transfer

Debt securities of any series will be exchangeable for other debt securities of the same series with the same total principal amount and the same terms but in different authorized denominations in accordance with the applicable indenture. Holders may present registered debt securities for registration of transfer at the office of the security registrar or any transfer agent we designate. The security registrar or transfer agent will effect the transfer or exchange when it is satisfied with the documents of title and identity of the person making the request.

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Unless we inform you otherwise in the prospectus supplement, we will appoint the trustee under each indenture as security registrar for the debt securities we issue in registered form under that indenture. If the prospectus supplement refers to any transfer agent initially designated by us, we may at any time rescind that designation or approve a change in the location through which any transfer agent acts. We will be required to maintain an office or agency for transfers and exchanges in each place of payment. No service charge will be made for any registration of transfer or exchange of those securities. We or the trustee may, however, require the payment of any tax or other governmental charge payable for that registration.

In the case of any redemption, neither the security registrar nor the transfer agent will be required to register the transfer of or exchange of any debt security:

during a period beginning 15 business days before the day of mailing of the relevant notice of redemption and ending on the close of business on that day of mailing; or

if we have called the debt security for redemption in whole or in part, except the unredeemed portion of any debt security being redeemed in part.

Payment and Paying Agents

Unless we inform you otherwise in the prospectus supplement, we will make payments on the debt securities in U.S. dollars at the office of the applicable trustee or any paying agent we designate. At our option, we may make payments by check mailed to the holder's registered address or, with respect to global debt securities, by wire transfer. Unless we inform you otherwise in the prospectus supplement, we will make interest payments to the person in whose name the debt security is registered at the close of business on the record date for the interest payment.

Unless we inform you otherwise in the prospectus supplement, we will designate the trustee under each indenture as our paying agent for payments on debt securities we issue under that indenture. We may at any time designate additional paying agents or rescind the designation of any paying agent or approve a change in the office through which any paying agent acts.

Subject to the requirements of any applicable abandoned property laws, the trustee and paying agent will repay to us on our written request any funds they hold for payments on the debt securities that remain unclaimed for two years after the date upon which that payment has become due. After repayment to us, holders entitled to those funds must look only to us for payment.

Book-entry Debt Securities

We may issue the debt securities of a series in the form of one or more global debt securities that would be deposited with a depository or its nominee identified in the prospectus supplement. We may issue global debt securities in either temporary or permanent form. We will describe in the prospectus supplement the terms of any depository arrangement and the rights and limitations of owners of beneficial interests in any global debt security.

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Description of Capital Stock

Our authorized capital stock consists of:

1,000,000,000 shares of common stock; and

30,000,000 shares of preferred stock, issuable in series.

Each authorized share of common stock and preferred stock has a par value of \$0.01.

In the discussion that follows, we have summarized the material provisions of our restated certificate of incorporation and bylaws relating to our capital stock. This discussion is subject to the relevant provisions of Delaware law and is qualified in its entirety by reference to our restated certificate of incorporation and bylaws. You should read the provisions of the restated certificate of incorporation and bylaws as currently in effect for more details regarding the provisions described below and for other provisions that may be important to you. We have filed copies of those documents with the SEC, and they are incorporated by reference as exhibits to the registration statement of which this prospectus forms a part. See [Where You Can Find More Information](#).

Common Stock

Each share of our common stock entitles its holder to one vote in the election of each director and on all other matters voted on generally by our stockholders. No share of our common stock affords any cumulative voting rights. This means that the holders of a majority of the voting power of the shares voting for the election of directors can elect all directors to be elected if they choose to do so. Our board of directors may grant holders of preferred stock, in the resolutions creating the series of preferred stock, the right to vote on the election of directors or any questions affecting our company.

Holders of our common stock will be entitled to dividends in such amounts and at such times as our board of directors in its discretion may declare out of funds legally available for the payment of dividends. Dividends on our common stock will be paid at the discretion of our board of directors after taking into account various factors, including:

our financial condition and performance;

our cash needs and capital investment plans;

our obligations to holders of any preferred stock we may issue;

income tax consequences; and

the restrictions Delaware and other applicable laws then impose.

In addition, the terms of the loan agreements, indentures and other agreements we may enter into from time to time may contain covenants or other provisions that could limit our ability to pay, or otherwise restrict the payment of, cash dividends.

If we liquidate or dissolve our business, the holders of our common stock will share ratably in all assets available for distribution to stockholders after our creditors are paid in full and the holders of all series of our outstanding preferred stock, if any, receive their liquidation preferences in full.

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The common stock has no preemptive rights and is not convertible or redeemable or entitled to the benefits of any sinking or repurchase fund. All outstanding shares of our common stock are fully paid and nonassessable. Any shares of our common stock we may offer and sell under this prospectus will also be fully paid and nonassessable.

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Our common stock is listed on the New York Stock Exchange under the symbol MPC.

The transfer agent and registrar for our common stock is Computershare Trust Company, N.A.

Preferred Stock

At the direction of our board of directors, without any action by the holders of our common stock, we may issue one or more series of preferred stock from time to time. Our board of directors can determine the number of shares of each series of preferred stock and the designation, powers, preferences and relative, participating, optional or other special rights, and the qualifications, limitations or restrictions applicable to any of those rights, including dividend rights, voting rights, conversion or exchange rights, terms of redemption and liquidation preferences, of each series.

The prospectus supplement relating to any series of preferred stock we offer will include specific terms relating to the offering. These terms will include some or all of the following:

the series designation of the preferred stock;

the maximum number of shares of the series;

the dividend rate or the method of calculating the dividend, the date from which dividends will accrue and whether dividends will be cumulative;

any liquidation preference;

any optional redemption provisions;

any sinking fund or other provisions that would obligate us to redeem or repurchase the preferred stock;

any terms for the conversion or exchange of the preferred stock for any other securities;

any voting rights; and

any other preferences and relative, participating, optional or other special rights or any qualifications, limitations or restrictions on the rights of the shares.

Any preferred stock we offer and sell under this prospectus will be fully paid and nonassessable.

The registration statement will incorporate the applicable certificate of designation by reference. You should read the applicable certificate of designation for provisions that may be important to you.

The existence of undesignated preferred stock may enable our board of directors to render more difficult or to discourage an attempt to obtain control of us by means of a tender offer, proxy contest, merger or otherwise, and thereby to protect the continuity of its management. The issuance of shares of preferred stock may adversely affect the rights of the holders of common stock. For example, any preferred stock issued may rank prior to the common stock as to dividend rights, liquidation preference or both, may have full or limited voting rights and may be convertible into shares of common stock. As a result, the issuance of shares of preferred stock may discourage bids for common stock or may

otherwise adversely affect the market price of the common stock or any existing preferred stock.

Restrictions on Stock Ownership by Non-U.S. Citizens

We are subject to a variety of U.S. federal statutes and regulations, including the Shipping Act of 1916, as amended, and the Merchant Marine Act of 1920, as amended, that govern the ownership and operation of vessels used to carry cargo between U.S. ports, which we refer to collectively as the Maritime Laws.

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To ensure that ownership by non-U.S. citizens of our stock will not exceed the 25% maximum permitted by the Maritime Laws, our restated certificate of incorporation limits the aggregate percentage ownership by non-U.S. citizens of our stock to 23% of the outstanding shares. We may prohibit transfers that would cause ownership of our stock by non-U.S. citizens to exceed 23%. Our restated certificate of incorporation authorizes us to effect any and all measures necessary or desirable to monitor and limit foreign ownership of our stock.

If, despite such measures, the number of shares of our stock that are owned by non-U.S. citizens exceeds 23%, we may suspend the voting, dividend and other distribution rights of the shares owned by non-U.S. citizens in excess of 23%. The determination of which shares will be deemed in excess of the 23% limitation will be made by reference to the dates the shares were acquired by non-U.S. citizens. Our determination of which shares are deemed to be in excess will be conclusive. We will have the power but are under no obligation to redeem any such excess shares at a redemption price per share equal to the fair market value of the shares on the date it calls for redemption plus any dividend or other distribution declared with respect to such shares prior to the date we call for redemption and remaining unpaid.

Restrictions on Citizenship of Directors, Chairman and Chief Executive Officer

Our restated certificate of incorporation also limits the number of our directors that are non-U.S. citizens to no more than the minority necessary to constitute a quorum of directors for a meeting and requires the chairman of our board of directors and our chief executive officer to be U.S. Citizens.

Limitation on Directors Liability

Delaware law authorizes Delaware corporations to limit or eliminate the personal liability of their directors to them and their stockholders for monetary damages for breach of a director's fiduciary duty of care. The duty of care requires that, when acting on behalf of the corporation, directors must exercise an informed business judgment based on all material information reasonably available to them. Absent the limitations Delaware law authorizes, directors of Delaware corporations are accountable to those corporations and their stockholders for monetary damages for conduct constituting gross negligence in the exercise of their duty of care. Delaware law enables Delaware corporations to limit available relief to equitable remedies such as injunction or rescission. Our restated certificate of incorporation limits the liability of the members of its board of directors by providing that no director will be personally liable to us or our stockholders for monetary damages for any breach of the director's fiduciary duty as a director, except for liability:

for any breach of the director's duty of loyalty to us or our stockholders;

for acts or omissions not in good faith or which involve intentional misconduct or a knowing violation of law;

for unlawful payments of dividends or unlawful stock repurchases or redemptions as provided in Section 174 of the General Corporation Law of the State of Delaware, which we refer to as the DGCL; and

for any transaction from which the director derived an improper personal benefit.

This provision could have the effect of reducing the likelihood of derivative litigation against our directors and may discourage or deter our stockholders or management from bringing a lawsuit against our directors for breach of their duty of care, even though such an action, if successful, might otherwise have benefited us and our stockholders. Our bylaws provide indemnification to our officers and directors and other specified persons with respect to their conduct in various capacities.

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Statutory Business Combination Provision

As a Delaware corporation, we are subject to Section 203 of the DGCL. In general, Section 203 prevents an interested stockholder, which is defined generally as a person owning 15% or more of a Delaware corporation's outstanding voting stock or any affiliate or associate of that person, from engaging in a broad range of business combinations with the corporation for three years following the date that person became an interested stockholder unless:

before that person became an interested stockholder, the board of directors of the corporation approved the transaction in which that person became an interested stockholder or approved the business combination;

on completion of the transaction that resulted in that person's becoming an interested stockholder, that person owned at least 85% of the voting stock of the corporation outstanding at the time the transaction commenced, other than stock held by (1) directors who are also officers of the corporation or (2) any employee stock plan that does not provide employees with the right to determine confidentially whether shares held subject to the plan will be tendered in a tender or exchange offer; or

following the transaction in which that person became an interested stockholder, both the board of directors of the corporation and the holders of at least two-thirds of the outstanding voting stock of the corporation not owned by that person approve the business combination.

Under Section 203, the restrictions described above also do not apply to specific business combinations proposed by an interested stockholder following the announcement or notification of designated extraordinary transactions involving the corporation and a person who had not been an interested stockholder during the previous three years or who became an interested stockholder with the approval of a majority of the corporation's directors, if a majority of the directors who were directors prior to any person's becoming an interested stockholder during the previous three years, or were recommended for election or elected to succeed those directors by a majority of those directors, approve or do not oppose that extraordinary transaction.

Anti-Takeover Effects of Provisions of our Restated Certificate of Incorporation and Bylaws

Some of the provisions of our restated certificate of incorporation and bylaws discussed below may have the effect, either alone or in combination with the provisions of our restated certificate of incorporation discussed above and Section 203 of the DGCL, of making more difficult or discouraging a tender offer, proxy contest, merger or other takeover attempt that our board of directors opposes but that a stockholder might consider to be in its best interest.

Our restated certificate of incorporation provides that our stockholders may act only at an annual or special meeting of stockholders and may not act by written consent. Our restated certificate of incorporation and bylaws provide that only a majority of our board of directors, the chairman of our board of directors or the chief executive officer may call a special meeting of our stockholders.

Our restated certificate of incorporation provides for a classified board of directors. Except for directors that our preferred stockholders may elect, our board of directors is divided into three classes, with the directors of each class as nearly equal in number as possible. At each annual meeting of our stockholders, the term of a different class of our directors will expire. As a result, we contemplate that our stockholders will elect approximately one-third of our board of directors each year. Our board of directors believes that a classified board structure facilitates continuity and stability of leadership and policy by helping ensure that, at any given time, a majority of our directors will have prior experience as directors of our company and will be familiar with its business and operations. This will, in the view of our board of directors, permit more effective long-term planning and help create long-term value for our stockholders. Board classification could, however, prevent a party who acquires control of a majority of our outstanding voting stock from obtaining control of our board of directors until the second annual stockholders meeting following the date that party obtains that control. This

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system of electing and removing directors may discourage a third party from making a tender offer or otherwise attempting to obtain control of us, because it generally makes it more difficult for stockholders to replace a majority of the directors.

Our restated certificate of incorporation provides that the number of directors will be fixed exclusively by, and may be increased or decreased exclusively by, our board of directors from time to time, but will not be less than three nor more than twelve. Our restated certificate of incorporation and bylaws provide that directors may be removed only by the Delaware Chancery Court under Section 225(c) of the DGCL or for cause (as such term is defined in our restated certificate of incorporation) as determined by a vote of at least 80% of the voting power of our outstanding voting stock. A vacancy on our board of directors may be filled by a vote of a majority of the directors in office, and a director appointed to fill a vacancy serves for the remainder of the term of the class of directors in which the vacancy occurred. These provisions will prevent our stockholders from removing incumbent directors without cause and filling the resulting vacancies with their own nominees.

Our bylaws contain advance-notice and other procedural requirements that apply to stockholder nominations of persons for election to our board of directors at any annual meeting of stockholders and to stockholder proposals that stockholders take any other action at any annual meeting. In the case of any annual meeting, a stockholder proposing to nominate a person for election to our board of directors or proposing that any other action be taken must give our corporate secretary written notice of the proposal not less than 90 days and not more than 120 days before the first anniversary of the date on which we first mailed proxy materials for the immediately preceding year's annual meeting of stockholders. These stockholder proposal deadlines are subject to exceptions if the pending annual meeting date is more than 30 days prior to or more than 30 days after the first anniversary of the immediately preceding year's annual meeting. If our chief executive officer, the chairman of our board of directors or a majority of our board of directors calls a special meeting of stockholders for the election of directors, a stockholder proposing to nominate a person for that election must give our corporate secretary written notice of the proposal not earlier than 120 days prior to that special meeting and not later than 90 days prior to that special meeting. These stockholder proposal deadlines are subject to exceptions if less than 100 days' prior notice or public disclosure of the scheduled meeting date is given or made. These advance-notice provisions may have the effect of precluding a contest for the election of our directors or the consideration of stockholder proposals if the proper procedures are not followed, and of discouraging or deterring a third party from conducting a solicitation of proxies to elect its own slate of directors or to approve its own proposal, without regard to whether consideration of those nominees or proposals might be harmful or beneficial to us and our stockholders.

Our restated certificate of incorporation and bylaws provide that our stockholders may adopt, amend and repeal our bylaws at any regular or special meeting of stockholders by a vote of at least 80% of the voting power of our outstanding voting stock or by a vote of at least 50% of the voting power of our outstanding voting stock for certain amendments approved by our board, provided the notice of intention to adopt, amend or repeal the bylaws has been included in the notice of that meeting. Our restated certificate of incorporation and bylaws also confer on our board of directors the power to adopt, amend or repeal our bylaws with the affirmative vote of a majority of the directors then in office.

Our restated certificate of incorporation provides that a vote of at least 80% of the voting power of our outstanding voting stock at any regular or special meeting of the stockholders is required to adopt, amend or repeal certain provisions of our restated certificate of incorporation.

As discussed above under Preferred Stock, our restated certificate of incorporation authorizes our board of directors, without the approval of our stockholders, to provide for the issuance of all or any shares of our preferred stock in one or more series and to determine the designation, powers, preferences and relative, participating, optional or other special rights, and the qualifications, limitations or restrictions applicable to any of those rights, including dividend rights, voting rights, conversion or exchange rights, terms of redemption and liquidation preferences, of each series. The issuance of shares of our preferred stock, or the issuance of rights to

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purchase shares of preferred stock, could be used to discourage an unsolicited acquisition proposal. In addition, under some circumstances, the issuance of preferred stock could adversely affect the voting power of our common stockholders.

In addition to the purposes described above, these provisions of our restated certificate of incorporation and bylaws are also intended to increase the bargaining leverage of our board of directors, on behalf of our stockholders, in any future negotiations concerning a potential change of control of our company. Our board of directors has observed that certain tactics that bidders employ in making unsolicited bids for control of a corporation, including hostile tender offers and proxy contests, have become relatively common in modern takeover practice. Our board of directors considers those tactics to be highly disruptive to a corporation and often contrary to the overall best interests of its stockholders. In particular, bidders may use these tactics in conjunction with an attempt to acquire a corporation at an unfairly low price. In some cases, a bidder will make an offer for less than all the outstanding capital stock of the target company, potentially leaving stockholders with the alternatives of partially liquidating their investment at a time that may be disadvantageous to them or retaining an investment in the target company under substantially different management with objectives that may not be the same as the new controlling stockholder. The concentration of control in our company that could result from such an offer could deprive our remaining stockholders of the benefits of listing on the New York Stock Exchange and public reporting under the Securities Exchange Act of 1934.

While our board of directors does not intend to foreclose or discourage reasonable merger or acquisition proposals, it believes that value for our stockholders can be enhanced by encouraging would-be acquirers to forego hostile or coercive tender offers and negotiate with the board of directors terms that are fair to all stockholders. Our board of directors believes that the provisions described above will (1) discourage disruptive tactics and takeover attempts at unfair prices or on terms that do not provide all stockholders with the opportunity to sell their stock at a fair price and (2) encourage third parties who may seek to acquire control of our company to initiate such an acquisition through negotiations directly with our board of directors. Our board of directors also believes these provisions will help give it the time necessary to evaluate unsolicited offers, as well as appropriate alternatives, in a manner that assures fair treatment of our stockholders. Our board of directors recognizes that a takeover might in some circumstances be beneficial to some or all of our stockholders, but, nevertheless, believes that the benefits of seeking to protect its ability to negotiate with the proponent of an unfriendly or unsolicited proposal to take over or restructure our company outweigh the disadvantages of discouraging those proposals.

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Description of Warrants

MPC may issue warrants to purchase debt securities, common stock, preferred stock or other securities. MPC may issue warrants independently or together with other securities. Warrants issued with other securities may be attached to or separate from those other securities. If MPC issues warrants, it will do so under one or more warrant agreements between MPC and a warrant agent that we will name in the prospectus supplement.

If MPC offers any warrants, we will file the forms of warrant certificate and warrant agreement with the SEC, and you should read those documents for provisions that may be important to you.

The prospectus supplement relating to any warrants being offered will include specific terms relating to the offering. These terms will include some or all of the following:

the title of the warrants;

the aggregate number of warrants offered;

the designation, number and terms of the debt securities, common stock, preferred stock or other securities purchasable on exercise of the warrants, and procedures that may result in the adjustment of those numbers;

the exercise price of the warrants;

the dates or periods during which the warrants are exercisable;

the designation and terms of any securities with which the warrants are issued;

if the warrants are issued with another security, the date on and after which the warrants and the other security will be separately transferable;

if the exercise price is not payable in U.S. dollars, the foreign currency, currency unit or composite currency in which the exercise price is denominated;

any minimum or maximum amount of warrants that may be exercised at any one time;

any terms, procedures and limitations relating to the transferability, exchange or exercise of the warrants; and

any other terms of the warrants.

Warrant certificates will be exchangeable for new warrant certificates of different denominations at the office indicated in the prospectus supplement. Prior to the exercise of their warrants, holders of warrants will not have any of the rights of holders of the securities subject to the warrants.

Modifications

MPC may amend the warrant agreements and the warrants without the consent of the holders of the warrants to cure any ambiguity, to cure, correct or supplement any defective or inconsistent provision, or in any other manner that will not materially and adversely affect the interests of holders of outstanding warrants.

MPC may also modify or amend various other terms of the warrant agreements and the warrants with the consent of the holders of not less than a majority in number of the then outstanding unexercised warrants affected. Without the consent of the holders affected, however, no modification or amendment may:

shorten the period of time during which the warrants may be exercised; or

otherwise materially and adversely affect the exercise rights of the holders of the warrants.

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Enforceability of Rights

The warrant agent will act solely as MPC's agent and will not assume any agency or trust obligation or relationship for or with any holder or beneficial owner of warrants. The warrant agent will not have any duty or responsibility if MPC defaults under the warrant agreements or the warrant certificates. A warrant holder may, without the consent of the warrant agent, enforce by appropriate legal action on its own behalf the holder's right to exercise the holder's warrants.

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Description of Stock Purchase Contracts and Stock Purchase Units

We may issue stock purchase contracts, including contracts obligating holders to purchase from us, and obligating us to sell to the holders, a specified number of shares of common stock at a future date or dates. We may fix the price per share of common stock and the number of shares of common stock at the time the stock purchase contracts are issued or by reference to a specific formula set forth in the stock purchase contracts. We may issue the stock purchase contracts separately or as part of units, which we refer to as stock purchase units, consisting of a stock purchase contract and our debt securities or debt obligations of third parties, including U.S. treasury securities, securing the holders obligations to purchase the common stock under the stock purchase contracts. The stock purchase contracts may require holders to secure their obligations under the stock purchase contracts in a specified manner. The stock purchase contracts also may require us to make periodic payments to the holders of the stock purchase units or vice versa, and such payments may be unsecured or refunded on some basis.

The applicable prospectus supplement will describe the terms of the stock purchase contracts or stock purchase units. The description in the prospectus supplement will not necessarily be complete, and reference will be made to the stock purchase contracts and, if applicable, collateral or depositary arrangements relating to the stock purchase contracts or stock purchase units. The applicable prospectus supplement will also describe material U.S. federal income tax considerations applicable to the stock purchase units and the stock purchase contracts.

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Plan of Distribution

We may sell the securities in and outside the United States through underwriters or dealers, directly to purchasers, through agents or through any combination of these methods.

Sale Through Underwriters or Dealers

If we use underwriters in the sale of the offered securities, the underwriters will acquire the securities for their own account. The underwriters may resell the securities from time to time in one or more transactions, including negotiated transactions, at a fixed public offering price or at varying prices determined at the time of sale. Underwriters may offer securities to the public either through underwriting syndicates represented by one or more managing underwriters or directly by one or more firms acting as underwriters. Unless we inform you otherwise in the prospectus supplement, the obligations of the underwriters to purchase the securities will be subject to several conditions, and the underwriters will be obligated to purchase all the offered securities if they purchase any of them. The underwriters may change from time to time any initial public offering price and any discounts or concessions allowed or reallocated or paid to dealers. We will include in the prospectus supplement the names of the principal underwriters and the amounts underwritten.

During and after an offering through underwriters, the underwriters may purchase and sell the securities in the open market. These transactions may include overallocation and stabilizing transactions and purchases to cover syndicate short positions created in connection with the offering. The underwriters may also impose a penalty bid, whereby selling concessions allowed to syndicate members or other broker-dealers for the offered securities sold for their account may be reclaimed by the syndicate if such offered securities are repurchased by the syndicate in stabilizing or covering transactions. These activities may stabilize, maintain or otherwise affect the market price of the offered securities, which may be higher than the price that might otherwise prevail in the open market. If commenced, these activities may be discontinued at any time.

If we use dealers in the sale of securities, we will sell the securities to them as principals. They may then resell those securities to the public at varying prices determined by the dealers at the time of resale. The dealers participating in any sale of the securities may be deemed to be underwriters within the meaning of the Securities Act of 1933 with respect to any sale of those securities. We will include in the prospectus supplement the names of the dealers and the terms of the transaction.

Direct Sales and Sales Through Agents

We may sell the securities directly. In that event, no underwriters or agents would be involved. We may also sell the securities through agents we designate from time to time. In the prospectus supplement, we will name any agent involved in the offer or sale of the offered securities, and we will describe any commissions payable by us to the agent. Unless we inform you otherwise in the prospectus supplement, any agent will agree to use its reasonable best efforts to solicit purchases for the period of its appointment.

We may sell the securities directly to institutional investors or others who may be deemed to be underwriters within the meaning of the Securities Act of 1933 with respect to any sale of those securities. We will describe the terms of any such sales in the prospectus supplement.

Delayed Delivery Contracts

If we so indicate in the prospectus supplement, we may authorize agents, underwriters or dealers to solicit offers from various types of institutions to purchase securities from us at the public offering price under delayed delivery contracts. These contracts would provide for payment and delivery on a specified date in the future. The contracts would be subject only to those conditions the prospectus supplement describes. The prospectus supplement will describe the commission payable for solicitation of those contracts.

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Remarketing

We may offer and sell any of the securities in connection with a remarketing upon their purchase, in accordance with a redemption or repayment by their terms or otherwise, by one or more remarketing firms acting as principals for their own accounts or as our agents. We will identify any remarketing firm, the terms of any remarketing agreement and the compensation to be paid to the remarketing firm in the prospectus supplement. Remarketing firms may be deemed underwriters under the Securities Act of 1933.

Derivative Transactions

We may enter into derivative transactions with third parties, or sell securities not covered by this prospectus to third parties in privately negotiated transactions. If the applicable prospectus supplement indicates, in connection with those derivatives, the third parties may sell securities covered by this prospectus and the applicable prospectus supplement, including in short sale transactions. If so, the third parties may use securities pledged by us or borrowed from us or others to settle those sales or to close out any related open borrowings of stock, and may use securities received from us in settlement of those derivatives to close out any related open borrowings of stock. The third parties in these sale transactions will be underwriters and will be identified in the applicable prospectus supplement or in a post-effective amendment to the registration statement of which this prospectus forms a part.

General Information

We may have agreements with the agents, dealers and underwriters to indemnify them against civil liabilities, including liabilities under the Securities Act of 1933, or to contribute with respect to payments that the agents, dealers or underwriters may be required to make. Agents, dealers and underwriters may be customers of, engage in transactions with or perform services for us in the ordinary course of their businesses.

Each series of offered securities will be a new issue, and, other than our common stock, which is listed on the New York Stock Exchange, will have no established trading market. We may elect to list any series of offered securities on an exchange, but we are not obligated to do so. It is possible that one or more underwriters may make a market in a series of offered securities. However, they will not be obligated to do so and may discontinue market making at any time without notice. We cannot assure you that a liquid trading market for any of our offered securities will develop.

Legal Matters

Jones Day will pass upon the validity of the securities being offered hereby.

Experts

The financial statements and management's assessment of the effectiveness of internal control over financial reporting (which is included in Management's Report on Internal Control over Financial Reporting) incorporated in this Prospectus by reference to the Annual Report on Form 10-K for the year ended December 31, 2013 have been so incorporated in reliance on the report (which contains an explanatory paragraph on the effectiveness of internal control over financial reporting due to the exclusion of certain elements of the internal control over financial reporting of the Galveston Bay Refinery and Related Assets that Marathon Petroleum Corporation acquired in February 2013) of PricewaterhouseCoopers LLP, an independent registered public accounting firm, given on the authority of said firm as experts in auditing and accounting.

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\$1,950,000,000

\$750,000,000 3.625% Senior Notes due 2024

\$800,000,000 4.750% Senior Notes due 2044

\$400,000,000 5.000% Senior Notes due 2054

PROSPECTUS SUPPLEMENT

Joint Book-Running Managers (2024 Notes)

Mitsubishi UFJG

Citigroup

RBS

Barclays

Morgan Stanley

UBS Investment Bank

Wells Fargo Securities

Co-Managers (2024 Notes)

BofA Merrill Lynch

DNB Markets

J.P. Morgan

PNC Capital Markets LLC

The Williams Capital Group, L.P.

Joint Book-Running Managers (2044 Notes)

RBS

MUFG

Morgan Stanley

BofA Merrill Lynch

Barclays

Citigroup

J.P. Morgan

Co-Managers (2044 Notes)

Deutsche Bank Securities

Fifth Third Securities

UBS Investment Bank

US Bancorp

Wells Fargo Securities

Joint Book-Running Managers (2054 Notes)

RBS

MUFG

Morgan Stanley

BofA Merrill Lynch

Barclays

Citigroup

J.P. Morgan

Co-Managers (2054 Notes)

Deutsche Bank Securities

Fifth Third Securities

UBS Investment Bank

US Bancorp

Wells Fargo Securities

September 2, 2014