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## Illinois Tool Works Inc. Q3 2008 Earnings Conference Call Transcript

### Question-and-Answer Session

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Thank you. [Operator Instructions]. We have Deane Dray, Goldman Sachs. Your line is open

**Deane Dray - Goldman Sachs**

Thank you. Good afternoon.

**David B. Speer - Chairman and Chief Executive Officer**

Good day.

**Deane Dray - Goldman Sachs**

I'll start off with David. Could you address the...you mentioned that ITW would look to be making more to cost cutting initiatives depending on the severity of the economic slowdown. Just give us a perspective of what the game plan here is. How centralized might this effort be, the size and timing and so forth, because... and the reason I asked about centralize is so much of ITW is decentralized, so how do you go about telling each business unit what kind of cost cutting measures that you are looking for and the timing and so forth?

**David B. Speer - Chairman and Chief Executive Officer**

Sure, Deane. Well, first of all, if you look at what our outlook for the year would consist of, it's roughly \$50 million in restructuring, which is about \$15 million more than what we spent last year to put it in perspective, with most of that delta occurring in the fourth quarter, as you would expect.

As it relates to the decisions and the process by which we decide what restructurings to do, that also is decentralized in our environment. So it really does not come from the top. It's really our business units assessing their local market conditions and what they are hearing from their customers and getting their selves sized, if you will, to meet what they see is the near-term demand, near term being the next 6 to 12 months.

Obviously, it's a fairly volatile economic environment at the moment. It's very difficult to get firm reads on some of these end markets as witnessed by the fairly dramatic reduction that the auto industry has just gone through and their outlook for the fourth quarter. So we tried to get as close a read on that as we can. Our business units really look at what they think the demand profile is going to be going forward for the next to the 6 to 12 months and as a result tried to size their organizations and their efforts accordingly.

So, as you would imagine, that's not a precise exercise, but one what we follow obviously quite closely and work with them that come up with the right solutions.

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