

STANLEY[®]

MAKE SOMETHING GREAT™



Stanley's booth at the ASIS Security Tradeshow
Join us next year in Dallas from October 12 – 14th

THE STANLEY WORKS

3Q 2009 Overview

Participants:

John Lundgren – Chairman & CEO

Jim Loree – Executive VP & COO

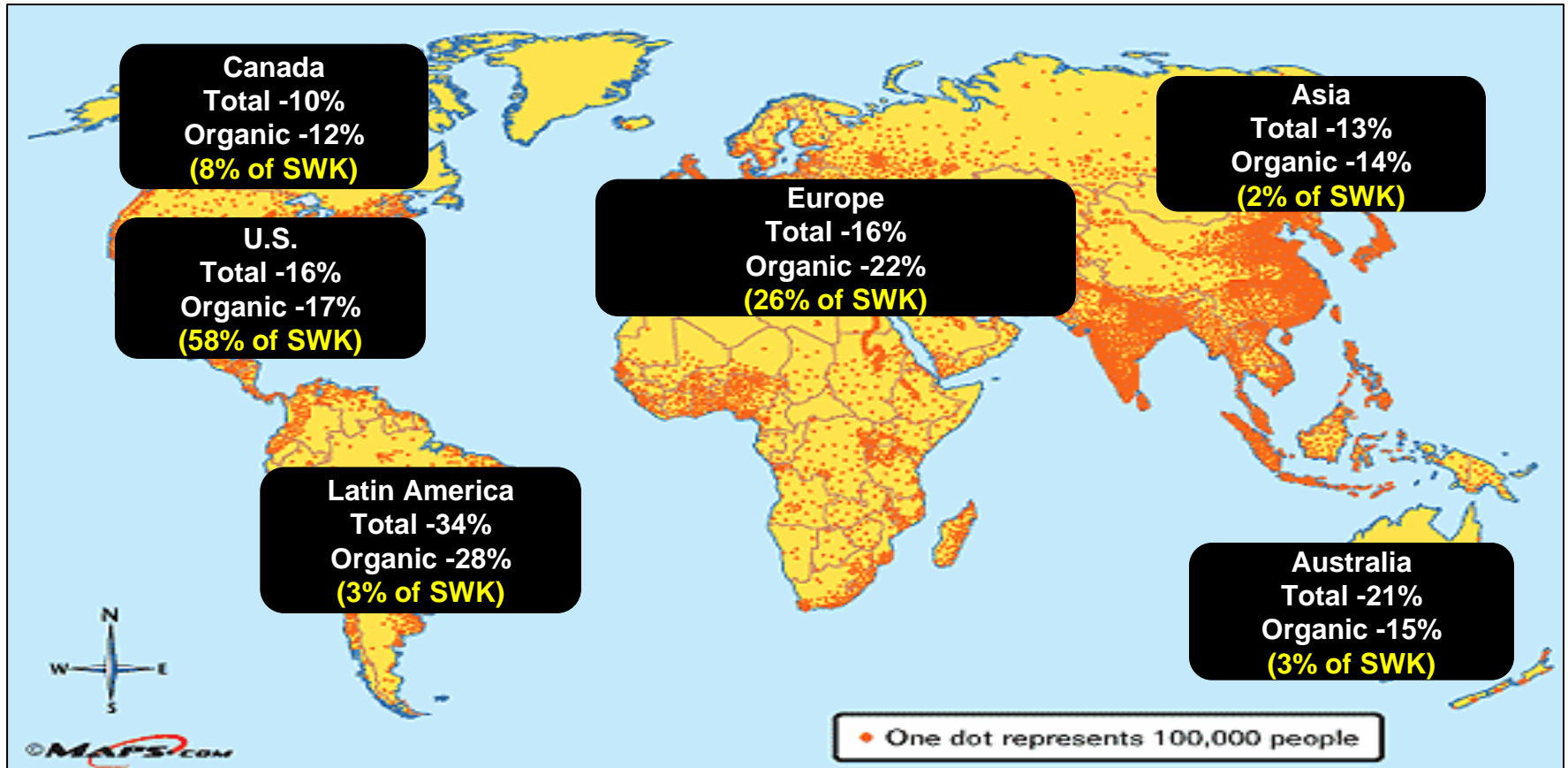
Don Allan – VP & CFO

Kate White – Director of Investor Relations

Certain statements contained in this presentation are forward looking. These are based on assumptions of future events which may not prove to be accurate. They involve risk and uncertainty. Actual results may differ materially from those expected or implied. We direct you to the cautionary statements detailed in this morning's press release and Form 8-K and our recent 1934 Act SEC filings.

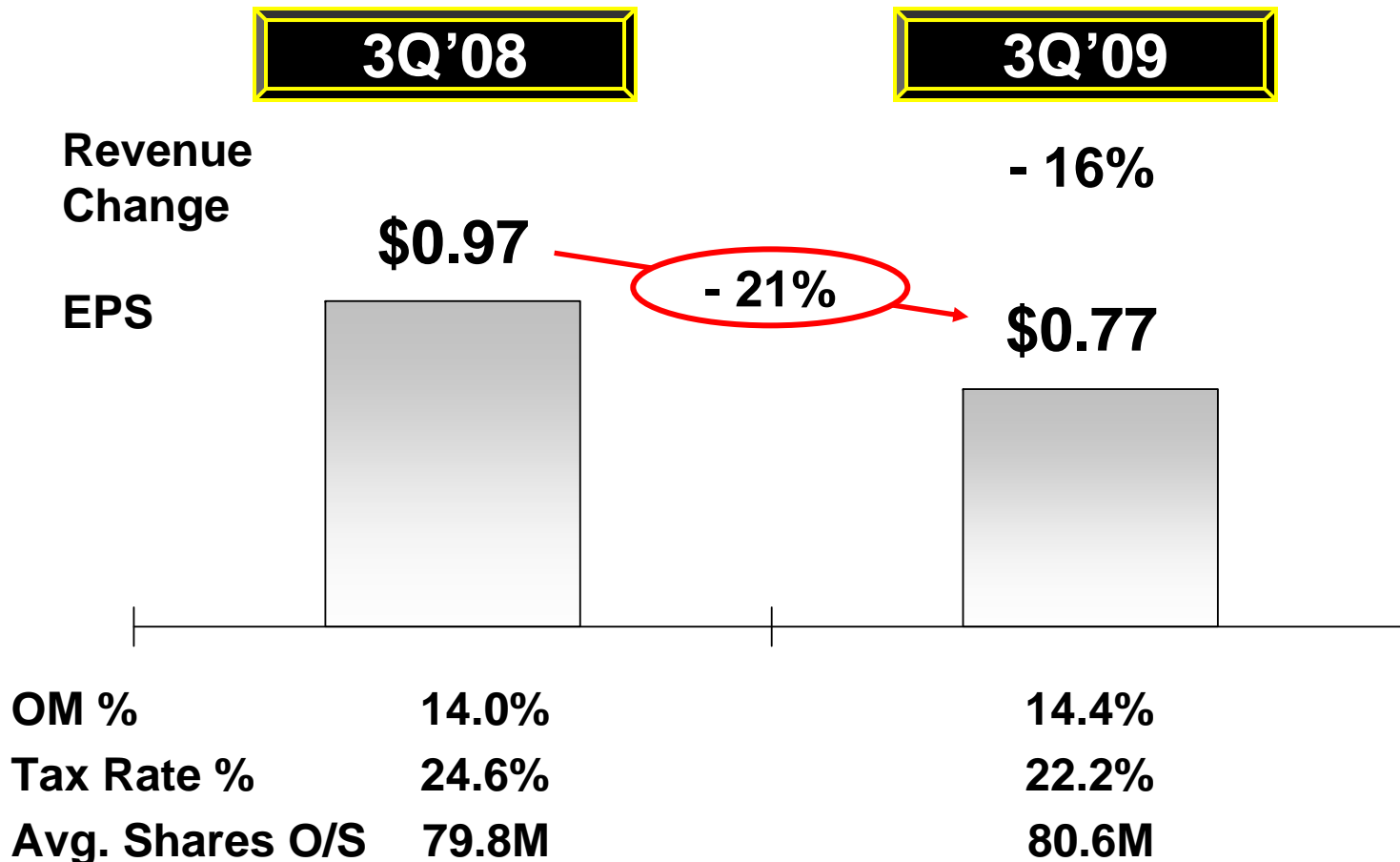
- **3Q'09 Diluted EPS From Continuing Operations (“EPS”) Of \$0.77**
- **Record Quarterly Gross Margin Rate Of 41.3% Due To Pricing And Cost Productivity Initiatives. Commodity Deflation Offset Impact Of Volume Underabsorption**
- **Free Cash Flow Of \$158 Million In The Quarter Due To Continued Strong Execution Of The Stanley Fulfillment System; Guidance For Full Year Free Cash Flow Raised**
- **Security Segment Posts 3% Revenue Growth And 13% Profit Growth Versus Prior Year; Organic Revenues For CSS Increased 5% Sequentially**
- **The CDIY Segment Showed Signs Of A Sequential Stabilizing Of Demand Across The Globe; Focus On New Product Rollouts In 4Q To Stimulate Further Demand**
- **Full Year EPS Guidance Range Increased To \$2.84 - \$2.94**

All Major Regions Absorbing Double-Digit Declines...



...Indicative Of Widespread Weakness In Global Economic Conditions

Operating Margins Rise 40 Basis Points...



...Despite Continued Volume Headwinds Which Negatively Impacted EPS

3Q'09 Revenues Improved 2% Versus 2Q'09...

(\$M)

2008

2009

Revenues 2Q	\$1,152	\$ 919	- \$233	- 20%
Revenues 3Q	\$1,118	\$ 936	- \$182	- 16%

Sources Of Growth

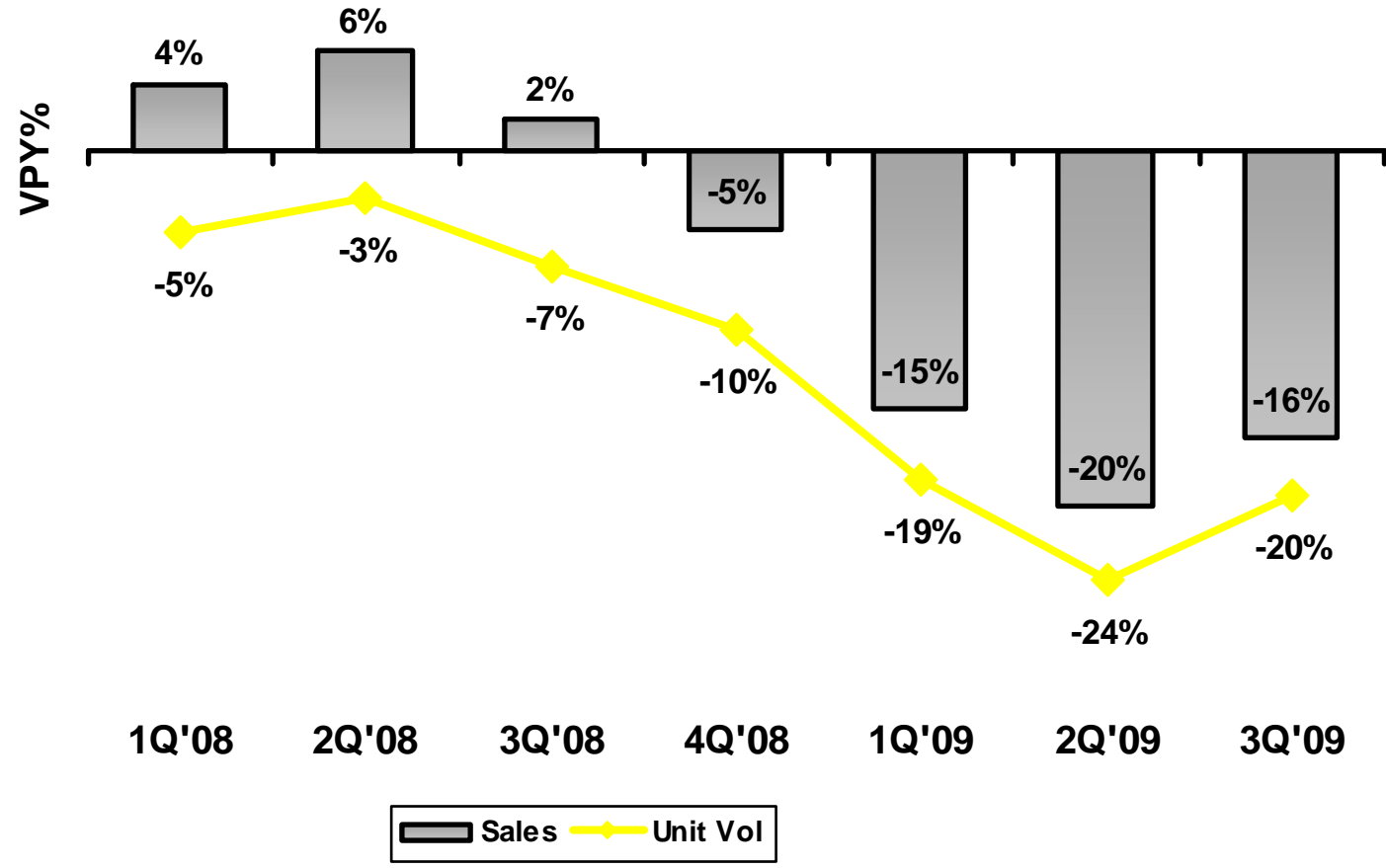
	1Q	2Q	3Q
Volume	- 19%	- 24%	- 20%
Price	+ 3%	+ 2%	+ 2%
Organic	- 16%	- 22%	- 18%
Currency	- 6%	- 4%	- 2%
Acq.	+ 7%	+ 6%	+ 4%
SWK	- 15%	- 20%	- 16%

Segment Results

	Total			Volume		
	1Q	2Q	3Q	1Q	2Q	3Q
CDIY	- 25%	- 28%	- 23%	- 22%	- 26%	- 23%
Industrial	- 29%	- 40%	- 31%	- 26%	- 37%	- 31%
Security	+12%	+ 8%	+ 3%	- 8%	- 11%	- 8%
SWK	- 15%	- 20%	- 16%	- 19%	- 24%	- 20%

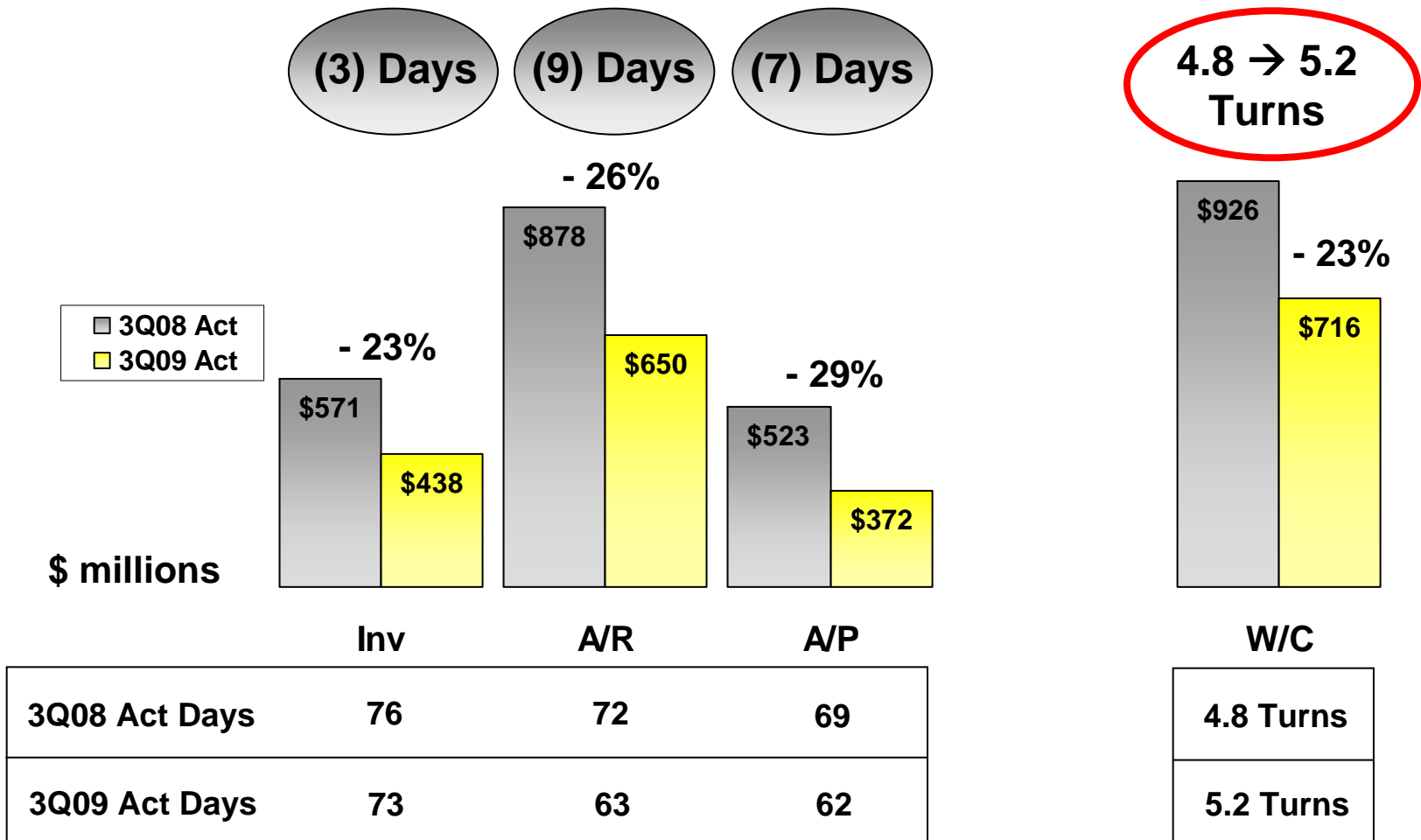
...Representing A Higher Than Average Q3 Sequential Improvement

Volume Trends Stabilizing To Some Extent...



...As Weaker Prior Year Comps Are Present After 2Q'09 Trough

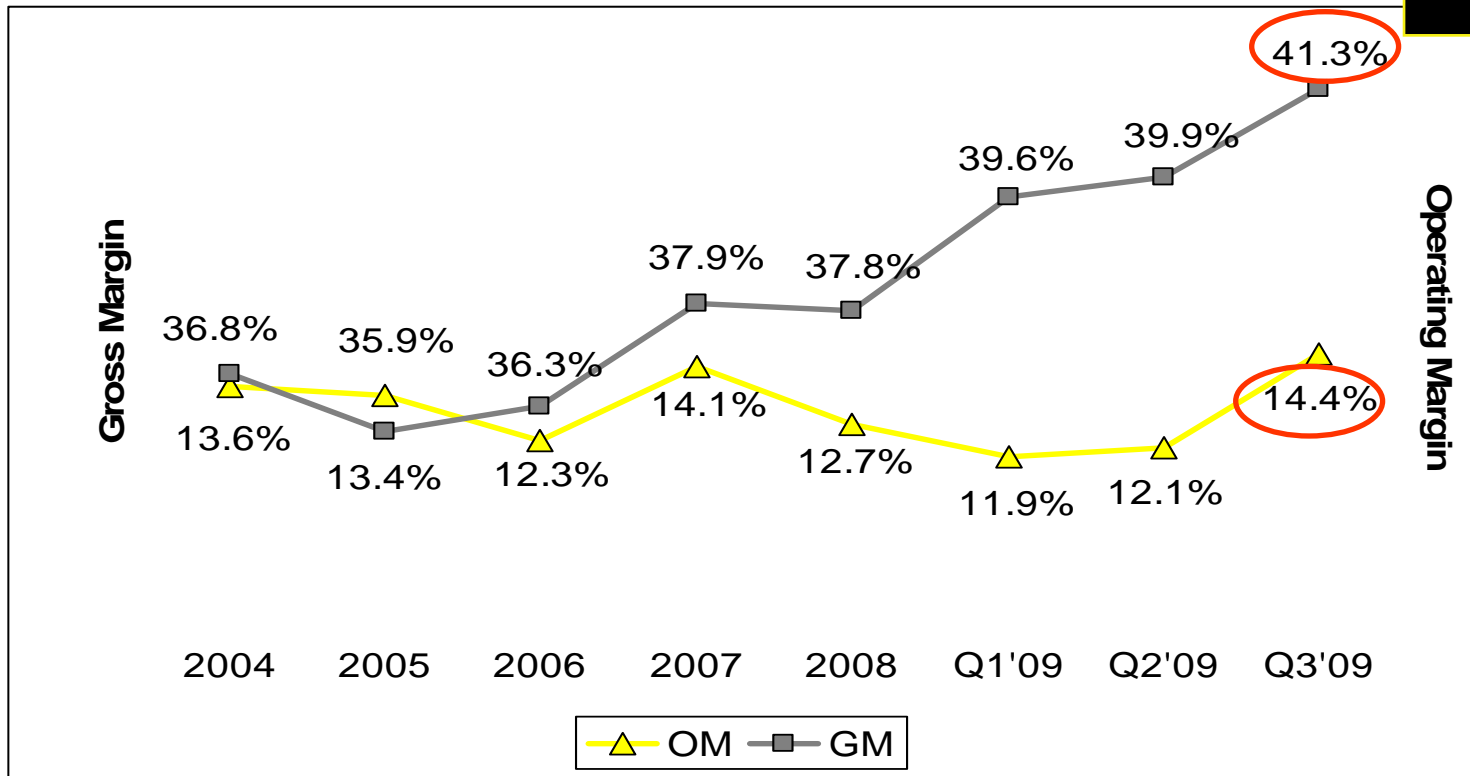
Working Capital Improves .4 Turns On A 16% Revenue Decline...



...As The Stanley Fulfillment System Continues To Drive Results

**SWK
All-Time
Gross Margin
Record**

Gross Margin Rate Continues Positive Long-Term Trend...



...And Operating Margin Has Begun To Rebound

SFS: Implementation Of Stanley's Transformational Lean™

Simplify Every Aspect Of The Business To Drive Profitability And Asset Efficiency

Keep Demand And Supply In Balance

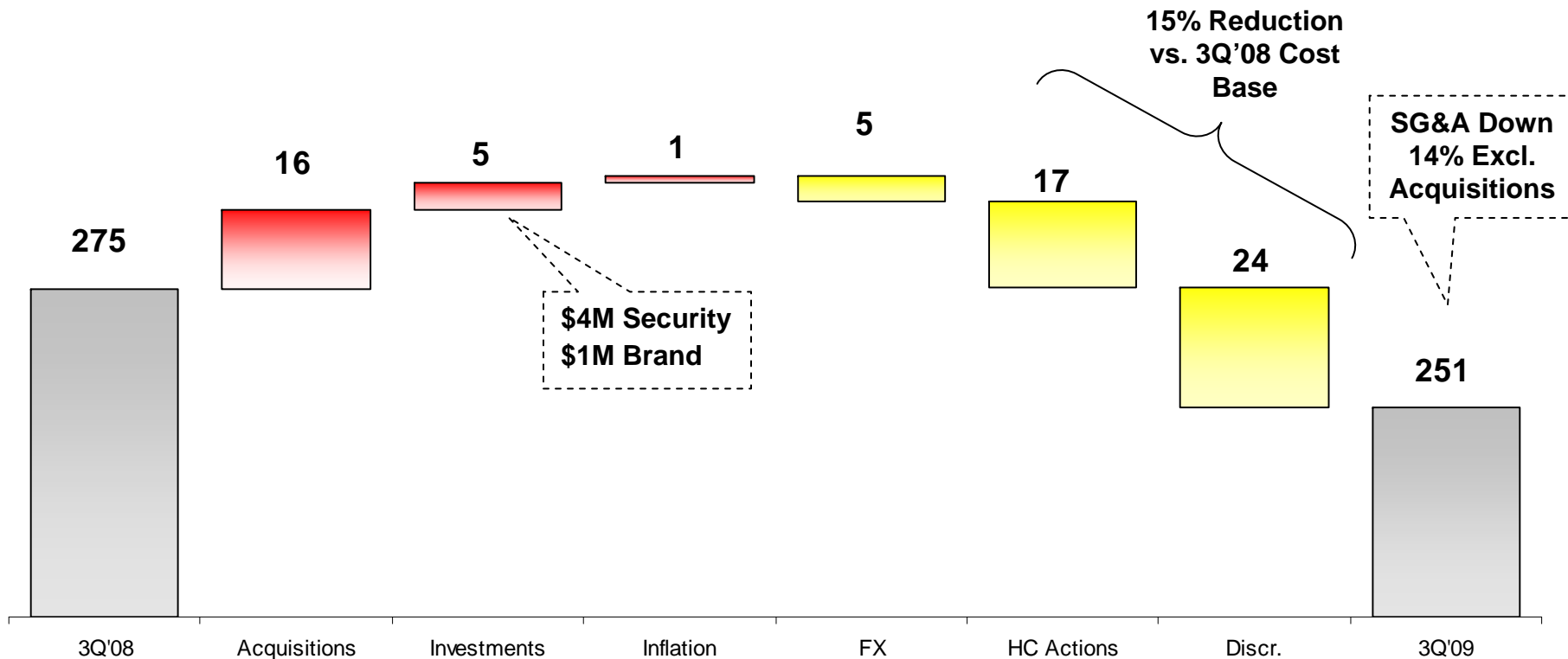
Implementation Of Lean In All Our Factories, Supply Chains And Back-Offices

Standardize Processes And Platforms To Provide Scalability



Embedded Processes, Culture Of Continuous Improvement

Expenses Down 9% Vs. Prior Year...



...\$41M Benefit Realized From Headcount & Discretionary Actions



SWK Followers
1,000+ On Facebook
~800 On Twitter



Presence In 11
MLB Stadiums;
3 Out Of 4
Playoff Teams

Early Evidence Of
Increased Aided
Brand Awareness
& Intent To
Purchase Ratings



Upgraded IR Website

**Seen By More Than
1 Billion Viewers
Per Week**

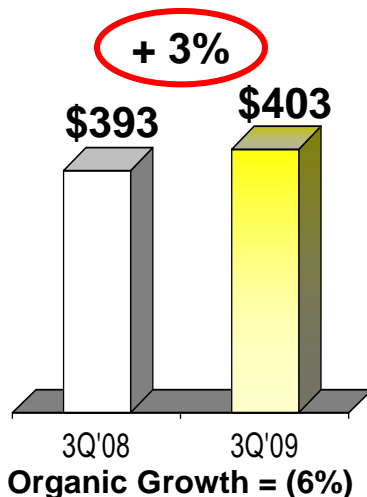


**40% Of Impressions From
Asia & Americas**

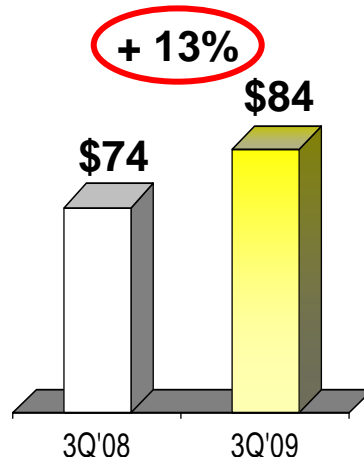
European Football Advertising

Strong Overall Performance, Profit Rate Approaches 21%

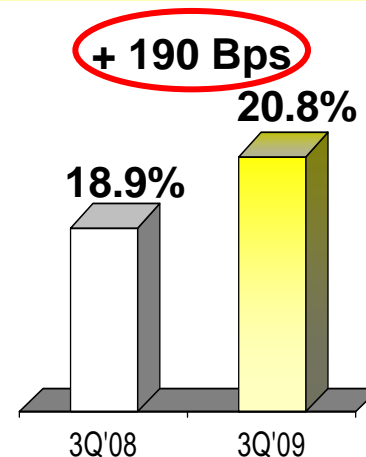
Revenues



Segment Profit



Segment Profit Rate



Convergent Security Solutions (CSS)

- Revenues +13%; Profit Rate +150 Bps
- Versus 2Q'09, Operating Margins Improved 150 Bps And Organic Revenues Rose 5%
- Declines In Installation Revenues Slowed; National Account Installations Increased As CapEx Constraints Loosened Slightly
- Volume Headwinds Persisted In Certain Verticals Such As Retail

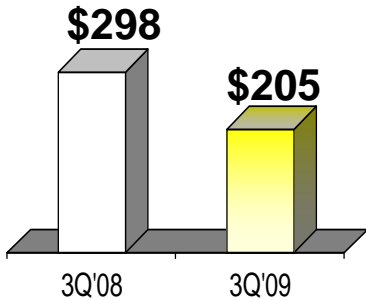
Mechanical Access Solutions (MAS)

- Profit Rate Up 260 Bps; Price Realization & Cost Reduction Actions Offset Volume Pressures
- Hardware Rollout At Major American Retailer In Full Swing – Early Signs Are Encouraging
- CSS/MAS Cross-Selling (Local Customer Teams) Contributed \$12M In Revenue For The Qtr, \$31M YTD

Profit Rate Pressured As Weak Markets Persist

Revenues

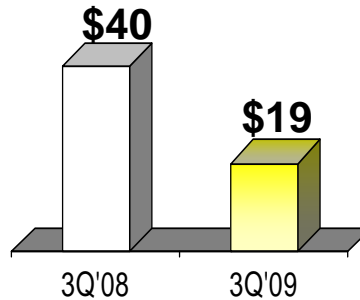
- 31%



Organic Growth = (30)%

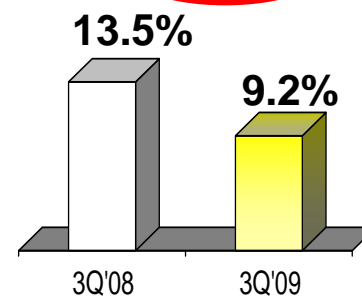
Segment Profit

- 53%



Segment Profit Rate

- 430 Bps



**Segment Profit Rate Declined Due To Weakness In Unit Volume;
Customer Inventory Corrections Remain A Headwind – Should Abate By 1Q**

Industrial & Automotive Repair Tools

- Facom Revenues Down 27%. New Product Development Remains Top Priority; Continuing To Fuel 1H'09 Market Share Gains
- European Cost Reductions To Be Realized In 4Q'09 Will Alleviate A Portion Of Margin Pressure
- Industrial Channels Continued To Show More Weakness Than Automotive; Recent Uptick In Industrial Production Not Yet Felt → Positive Impact By 1Q

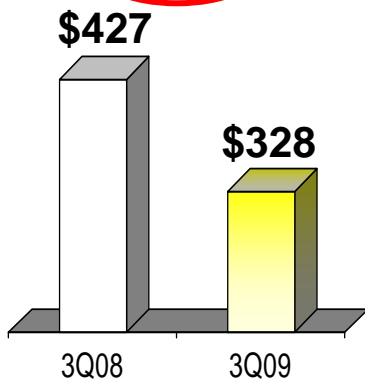
Industrial & Automotive Supply

- Mac Profitability Increasing Despite Double-Digit Revenue Decline
- Storage Revenue Declined 20%+ With Commensurate Reduction In Profitability

Profit Rate Expands Despite Significant Top Line Pressure

Revenues

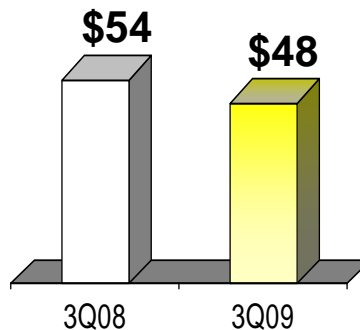
- 23%



Organic Growth = (21%)

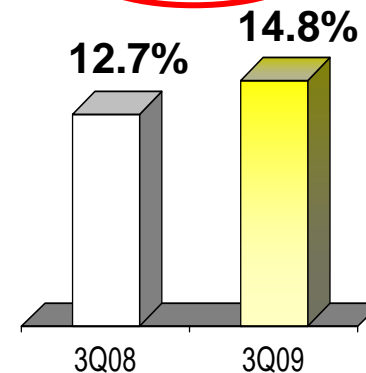
Segment Profit

- 11%



Segment Profit Rate

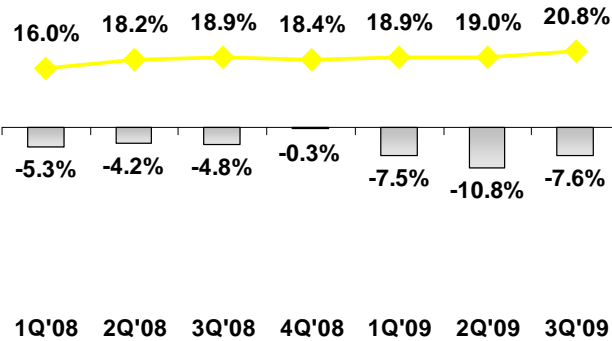
210 Bps



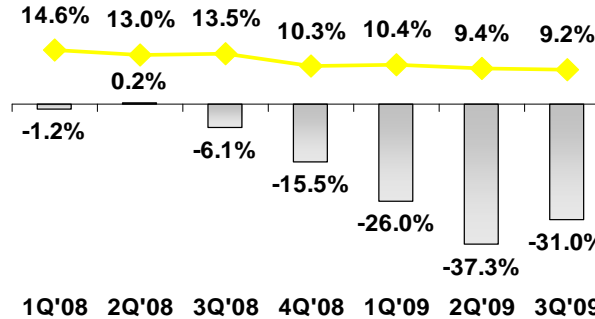
- Sequential Improvement In Both Revenue & Profit Rate (Unit Vol. (+3) & Profit Rate +210 BPS Vs. 2Q)
- Organic Revenue Decline Eased Vs. Q2 In Asia, Europe And Canada; U.S. Flat – A Solid Performance Given Market Conditions
- CT&S / Bostitch Integration Benefits Realized Ahead Of Plan. Bostitch Profitability Continues To Improve Due To Favorable Productivity And Commodity Deflation
- Wave Of New Product Introductions In 4Q Expected To Accelerate Market Share Gains

SWK Segments: Key Trends

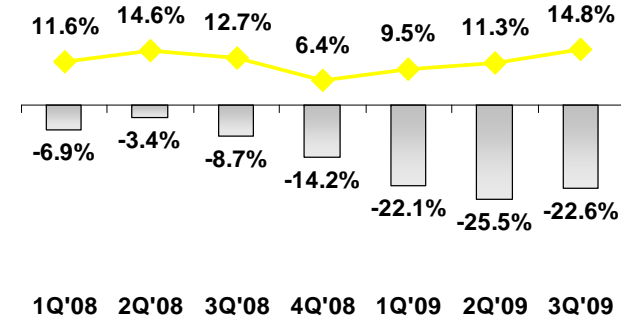
Security



Industrial



CDIY



Unit Volume % Segment Profit %

- **Convergent Revenues From Installations Likely Bottomed In 2Q As Attrition Peaked. Experiencing Some Stabilization In Orders**
- **Continuation Of Delayed And Abandoned Construction Projects A Headwind; Refurbish Business Helps Offset**
- **Negative Commercial Construction Impact Limited To 15% Of Security Segment Revenues And 11% Of Total Stanley Revenues**
- **Profit Rate Accretion In Declining Volume Environment**

- **Industrial Improvement Lagging Behind CDIY**
- **Recent Industrial Production Data Shows Positive/Moderating Signs.**
- **Inventory Corrections Witnessed Throughout 2009; Accelerated In 2Q, But Eased During 3Q. Corrections Likely To Cease In 4Q'09**
- **Profit Stabilizing; Improvement Likely As European Cost Actions Are Completed In 4Q'09**

- **Consumer Confidence Improving Slightly In U.S. And Euro Area As Economies Stabilize To Some Degree Vs. 2Q'09**
- **Flattening Of Revenue Trends Witnessed In 2Q & 3Q; Likely To Continue In 4Q**
- **Modest Revenue Growth Likely In 1Q'10**
- **Significant Profit Rate Improvement; 3Q'09 Rates Approaching "Normal" Levels**

3Q Free Cash Exceeds Prior Year Level...

(\$ million)	3Q'09	3Q'08	V\$	09 YTD	08 YTD	V\$
Net Income	\$ 60	\$ 163	\$ (103)	\$ 168	\$ 308	\$ (140)
Deprec/Amort	52	47	5	149	129	20
Restructuring	7	5	2	26	25	1
Working Capital	32	28	4	17	(5)	22
Other	25	(111)	136	(112)	(134)	22
Operating CF	176	132	44	248	323	(75)
CapEx	(18)	(29)	11	(65)	(82)	17
Free Cash Flow	158	103	55	183	241	(58)

...In Line To Exceed \$300M For The Full Year

Conservative Financial Position Maintained...

	<u>3Q09</u>	<u>3Q08</u>	<u>VPY\$</u>
Cash	207	299	(92)
Other Assets	4,596	4,812	(216)
Debt	1,450	1,611	(161)
Other Liabilities	1,418	1,589	(171)
Equity	1,935	1,911	24
Total Capital	3,385	3,522	(137)
Debt/Capital	43%	46%	
Adj. Debt/Capital	31% - 33%	32% - 35%	

...As Debt Declines \$161M ; On Track To Meet FY'09 Deleverage Plan

EPS (Change Vs. July '09 Guidance)

Previous Guidance Midpoint	\$2.59
Gross Margin Rate Improvement (Approx. 40% For FY'09)	+ \$0.20 - + \$0.25
Other (Weaker U.S. Dollar Vs. Major Currencies, Potentially Lower Restructuring & Income Taxes)	+ \$0.05 - + \$0.10
Updated 2009 Guidance	\$2.84 - \$2.94

Free Cash Flow

Expect To Exceed \$300M In
Free Cash Flow Due To:

- Improved Earnings Outlook
- Continued Improvement In
Working Capital From Year-
End 2008 Levels

***2009 EPS Guidance Without Gain On
Debt Extinguishment \$2.50 - \$2.60***

***SWK Fulfillment System
Process Controls To
Drive Results***

- Well Positioned To Continue To Gain Market Share; Advertising, New Product Development And Increased Direct-To-Customer Interactions To Drive Results
- Modest Signs Of Sequential Improvement Encouraging; Industrial Channels Remain Among The Weakest
- Gross And Operating Margins On Track To Remain Strong For The Full Year
- Dedicated To Ongoing Success Of SFS Both As A Source Of Cash And A Competitive Advantage

A Legacy of Quality.

STANLEY[®]

MAKE SOMETHING GREAT[™]

A Future of Growth.

<i>End Market</i>	<i>MAS</i>	<i>CSS</i>	<i>Industrial</i>	<i>CDIY</i>	<i>SWK</i>
Res. Const.	23%	0%	5%	60%	27%
Comm. Const.	12%	17%	3%	11%	11%
Retail	32%	15%	0%	7%	12%
Health Care	10%	23%	0%	0%	7%
Education	9%	3%	0%	0%	2%
Government	5%	11%	7%	1%	6%
Automotive Aftermkt	0%	2%	33%	0%	8%
Industrial*	3%	7%	50%	18%	20%
Other	5%	22%	1%	2%	7%
<i>Total</i>	<i>100%</i>	<i>100%</i>	<i>100%</i>	<i>100%</i>	<i>100%</i>

Data Representative Of 2009 Year-To-Date Revenues

*Industrial Includes Manufacturing, Utilities, Distribution, Power, Rail, Oil & Gas, Etc.