THE STANLEY WORKS

4Q 2009 and Full Year 2009 Overview

Participants

John Lundgren	Chairman & CEO
Jim Loree	Executive VP & COO
Don Allan	VP & CFO
Kate White	Director of Investor Relations

Cautionary Statements

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.

4Q'09 and Full Year 2009 Highlights

- 4Q Diluted EPS Of $0.89, Excluding $0.22 Charge Related To Transaction And Integration Planning Costs Primarily Associated With Black & Decker Merger. Diluted EPS From Continuing Operations Of $0.67.
- Diluted EPS Was $2.80 Per Share In 2009 Versus $2.74 In 2008. Excluding The $0.22 Per Share Black & Decker Transaction And Integration Planning Costs In 4Q, EPS Was $3.02 (Including The $0.34 Gain On The Debt Extinguishment In 2Q'09), Up 10% Vs. Prior Year.
- Quarterly Gross Margin Rate Of 40.7% As Pricing, Cost Productivity Initiatives And Commodity Deflation Continue To Offset Impact Of Volume Underabsorption. Record Annual Gross Margin Rate Of 40.4%
- Full Year 2009 Free Cash Flow Of $446 Million, Up 6% Versus 2008
- Working Capital Reaches Record 7.9 Turns Due To Ongoing Success Of Stanley Fulfillment System (SFS)
- Security Segment Achieved 20% OM While Absorbing 4% Revenue Decline
- CDIY Segment Profit Improved $17 Million, Or 71%
- The Industrial Segment Profit Rate Improved Sequentially To 11.3%
- Planning For Pending Combination With Black & Decker Remains On-track; Close Expected End Of 1Q/Beginning Of 2Q

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Compelling Benefits of SWK & BDK Combination

Strategic Benefits

- A Global Leader In Hand And Power Tools
- Iconic Brand Portfolio – Over 250 Years Of Combined History
- Greater Scale In Hand And Power Tools & Storage, Mechanical Security, And Engineered Fastening
- World Class Innovation Process
- Global Low Cost Sourcing And Manufacturing Platforms
- Additional Presence In High-Growth Emerging Markets

Financial Benefits

- Highly Accretive To EPS; Approximately $1.00 Per Share Projected By Year 3
- $350M In Cost Synergies Annually
- Opportunity For Margin Improvement
- Free Cash Flow Of Approximately $1.0B And Over $1.5B In EBITDA By Year 3
- Increased Resources To Invest In Security Solutions, Engineered Fastening And Other High-Growth Platforms
- Strong Balance Sheet

Confident That Previously Stated Financial Targets Are Achievable

Pending SWK & BDK Combination Planning Update

Progress to Date

- Received HSR Approval
- Filed Preliminary Form S-4 For SEC Review
- Announced Integration Team With Co-Leaders From Both SWK And BDK
- New Organizational Design And Senior Leadership Team For Combined Company Identified
- Developed Detailed Synergy Plan – "Clean" Rooms In Progress

Work to be Completed

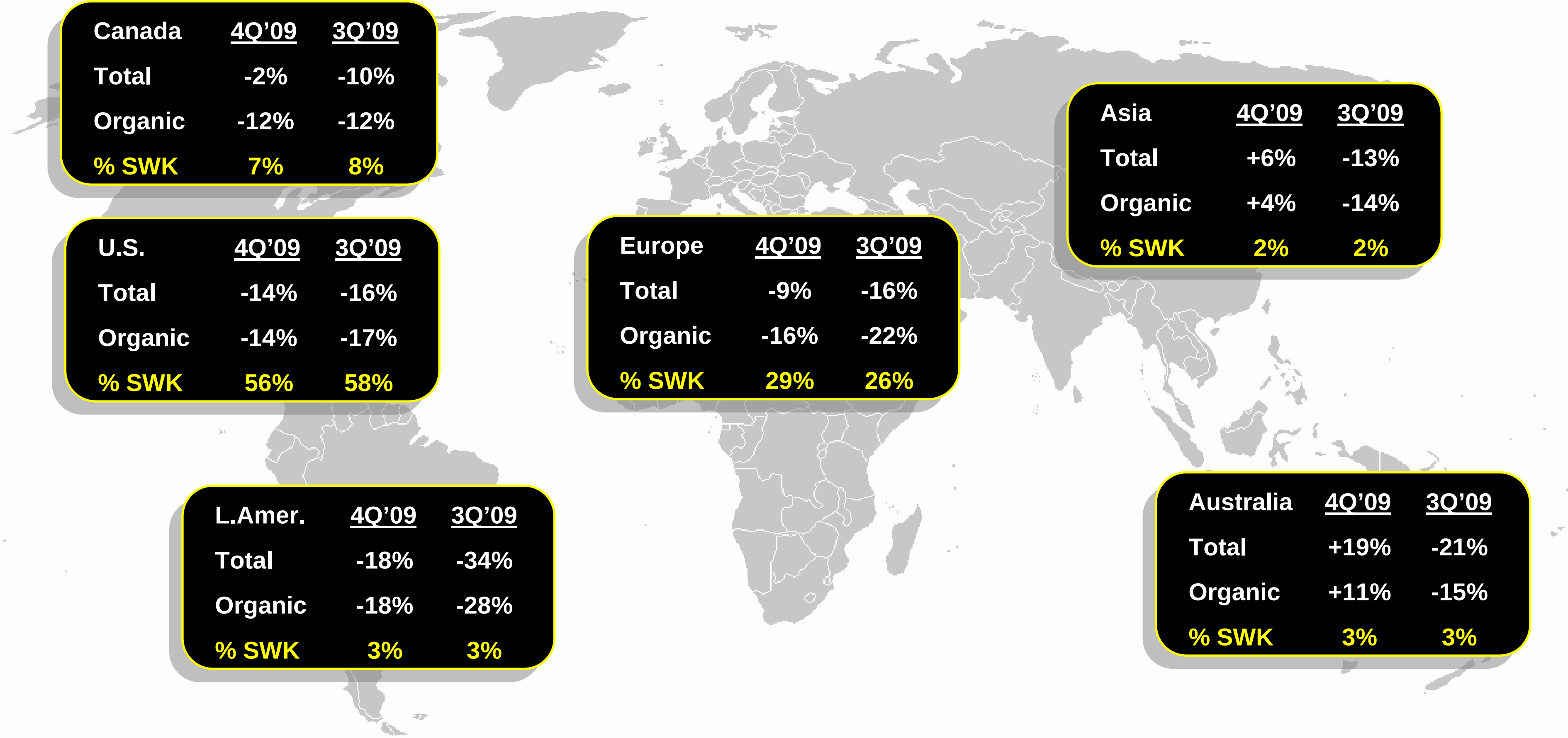
- Continue To Execute On 2010 Goals
- Obtain Remaining Regulatory Approvals (e.g., EU, Other Foreign Jurisdictions)
- SWK And BDK Shareholder Approval
- Continue To Retain Key Talent At Both SWK And BDK
- Close Expected End Of 1Q'10 Or The Beginning Of 2Q'10

Solid Progress Achieved On All Fronts;
Integration Planning Well Underway

STANDARD

4Q’09 Worldwide Revenues

Revenues Declined In Many Parts Of The World Vs. Prior Year…



Canada	4Q’09	3Q’09
Total	-2%	-10%
Organic	-12%	-12%
% SWK	7%	8%

U.S.	4Q’09	3Q’09
Total	-14%	-16%
Organic	-14%	-17%
% SWK	56%	58%

L.Amer.	4Q’09	3Q’09
Total	-18%	-34%
Organic	-18%	-28%
% SWK	3%	3%

Europe	4Q’09	3Q’09
Total	-9%	-16%
Organic	-16%	-22%
% SWK	29%	26%

Asia	4Q’09	3Q’09
Total	+6%	-13%
Organic	+4%	-14%
% SWK	2%	2%

Australia	4Q’09	3Q’09
Total	+19%	-21%
Organic	+11%	-15%
% SWK	3%	3%

…But Stabilized On A Sequential Basis

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4Q'09 Revenues

4Q'09 Revenues Improved 4% Versus 3Q'09…

($M)

	2008	2009		
Revenues 3Q	$1,118	$936	-$182	-16%
Revenues 4Q	$1,086	$969	-$117	-11%

Sources Of Growth

	1Q	2Q	3Q	4Q
Volume	-19%	-24%	-20%	-16%
Price	+3%	+2%	+2%	+1%
Organic	-16%	-22%	-18%	-15%
Currency	-6%	-4%	-2%	+4%
Acq.	+7%	+6%	+4%	+0%
SWK	-15%	-20%	-16%	-11%

Segment Results

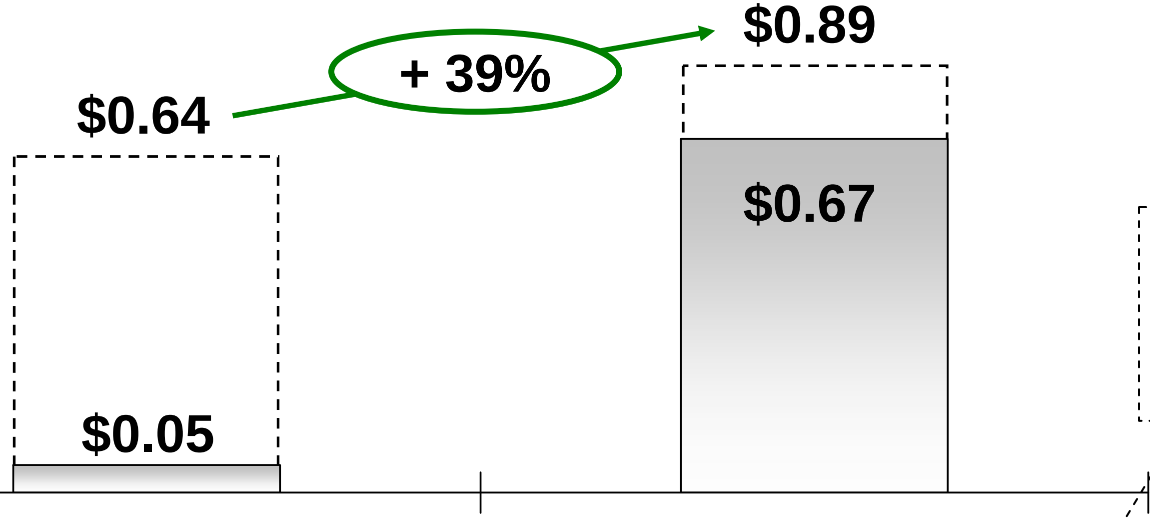
	Total				Volume			
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q
CDIY	-25%	-28%	-23%	-8%	-22%	-26%	-23%	-14%
Industrial	-29%	-40%	-31%	-23%	-26%	-37%	-31%	-28%
Security	+12%	+8%	+3%	-4%	-8%	-11%	-8%	-9%
SWK	-15%	-20%	-16%	-11%	-19%	-24%	-20%	-16%

…Aided By Improving Conditions Within CDIY

4Q'09 Financial Results

Operating Margins Improve 210 Basis Points…

	4Q'08	4Q'09
Revenue Change		- 11%
EPS	$0.64	$0.89



Includes Effect Of Resolution Of Income Tax Audits (22% Excluding $14M Benefit)

OM %	10.8%		12.9%
Tax Rate %	25.5%	(Excl. Restr.)	-4.4%
Avg. Shares O/S	79.5M		81.7M

…Earnings +39% Excluding Extraordinary Items ($0.59 4Q'08 Restructuring Charge And $0.22 4Q'09 Integration Planning Costs)

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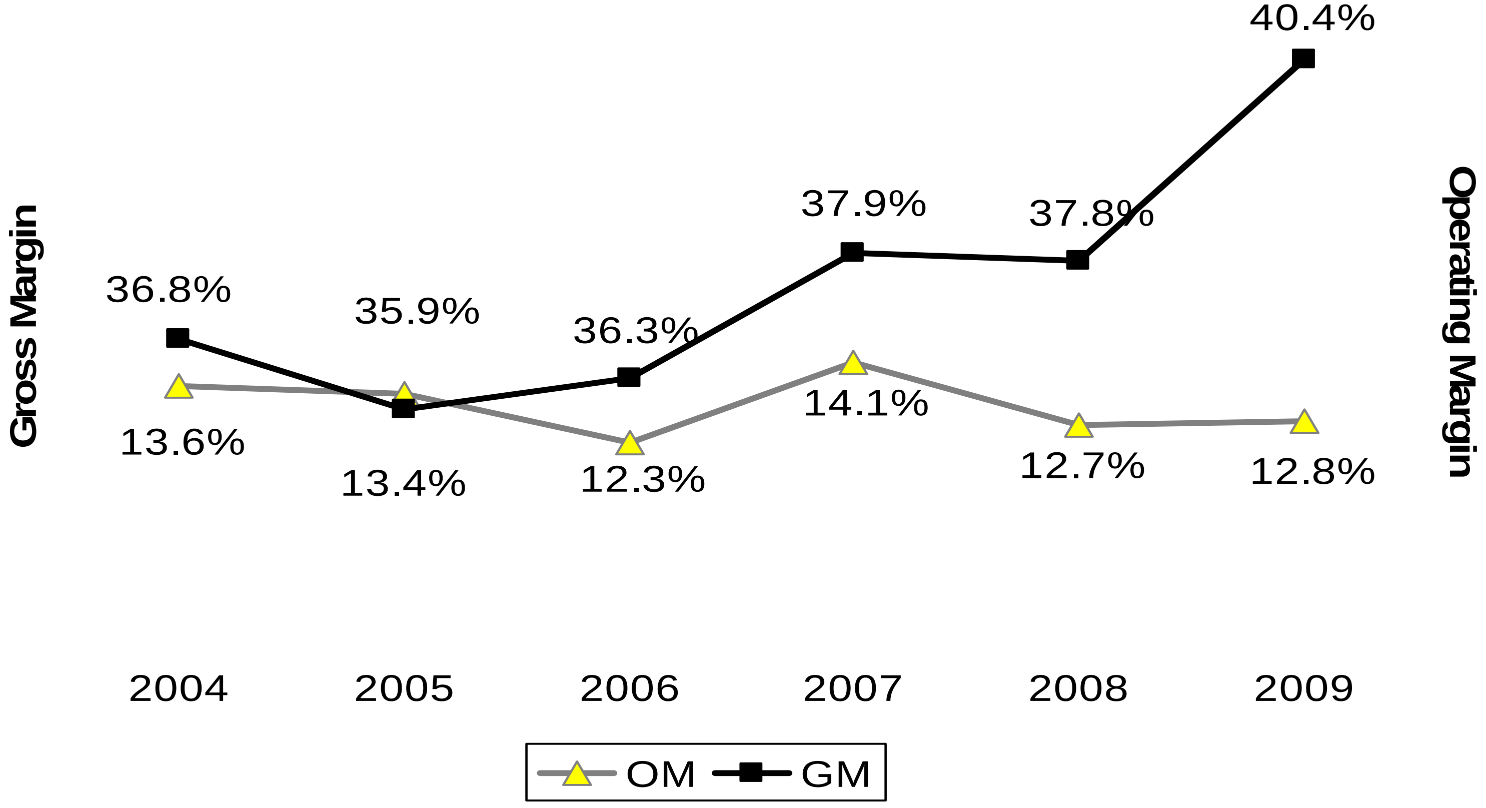
Margin Trends

Record Gross Margin Rate Achieved As Positive Long-Term Trend Continues…

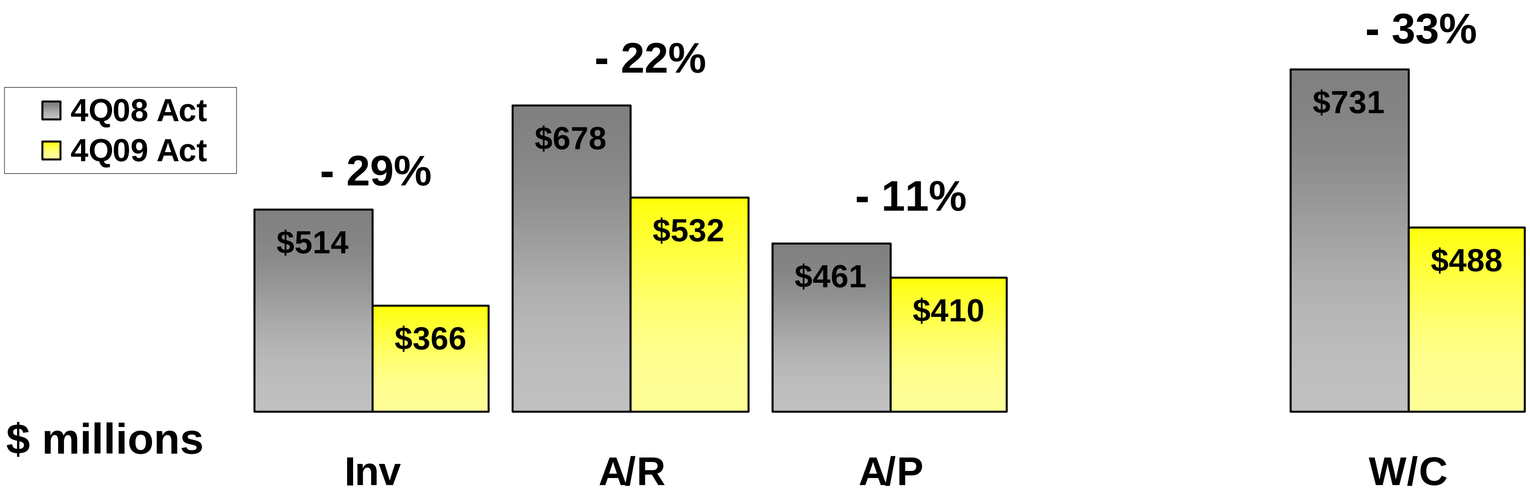


…Driving Slight Improvement To Operating Margin Rate Despite 20% Unit Volume Decline

Working Capital Improves 2 Turns On 11% Revenue Decline…

(15) Days | (11) Days | 0 Days

5.9 → 7.9 Turns



	Inv	A/R	A/P
4Q08 Act Days	73	61	65
4Q09 Act Days	58	50	65

W/C
5.9 Turns
7.9 Turns

…As The Stanley Fulfillment System Continues To Drive Results

The Stanley Fulfillment System: 2009 Success Stories

Complexity Management

Examples:

- SKU and Brand Reduction
- Process Simplification
- Simplifying Manufacturing Footprint (IAR & CDIY)

S&OP

- Global Sales Forecasting Process Improvements Aided In Inventory Reduction And Significant Improvement In Customer Service Levels
- Total SWK DSI Improved 21% In 2009, Yielding ~$150 Million

Transformational Lean™

- Reduction Of A/R Process Steps Resulted In Re-Allocation Of Resources And Increased Collections Capacity
- Total SWK DSO Improved 18% In 2009, Yielding ~$130 Million

Common Platforms

- Centralized Back-Office Functions, Enhanced Customer Visibility Hand Tools & Bostitch Systems Integration
- Yielded Positive Impact Of ~$18 Million Of Income In 2009

Embedded Processes, Culture Of Continuous Improvement

Stanley's Focus On Brand

Total Of $20M In Brand Investments In 2009; Unaided Awareness Rose To 48% From 43%

The Official Tool Provider of the Walt Disney World Resort

Disney Partnership

- 10-year Alliance Partnership With Branding, B To B And Special Program Elements; One Of A Select Group Of Alliance Partners
- Construction Wall Signage Throughout Walt Disney World Resort
- Stanley, Mac And Vidmar Products Outfit Working Lights, Motor, Action Garage
- Stanley Providing Cabinets, Tools, Benches And Accessories For Test Track Queue Line And Ride

NASCAR Sponsorship

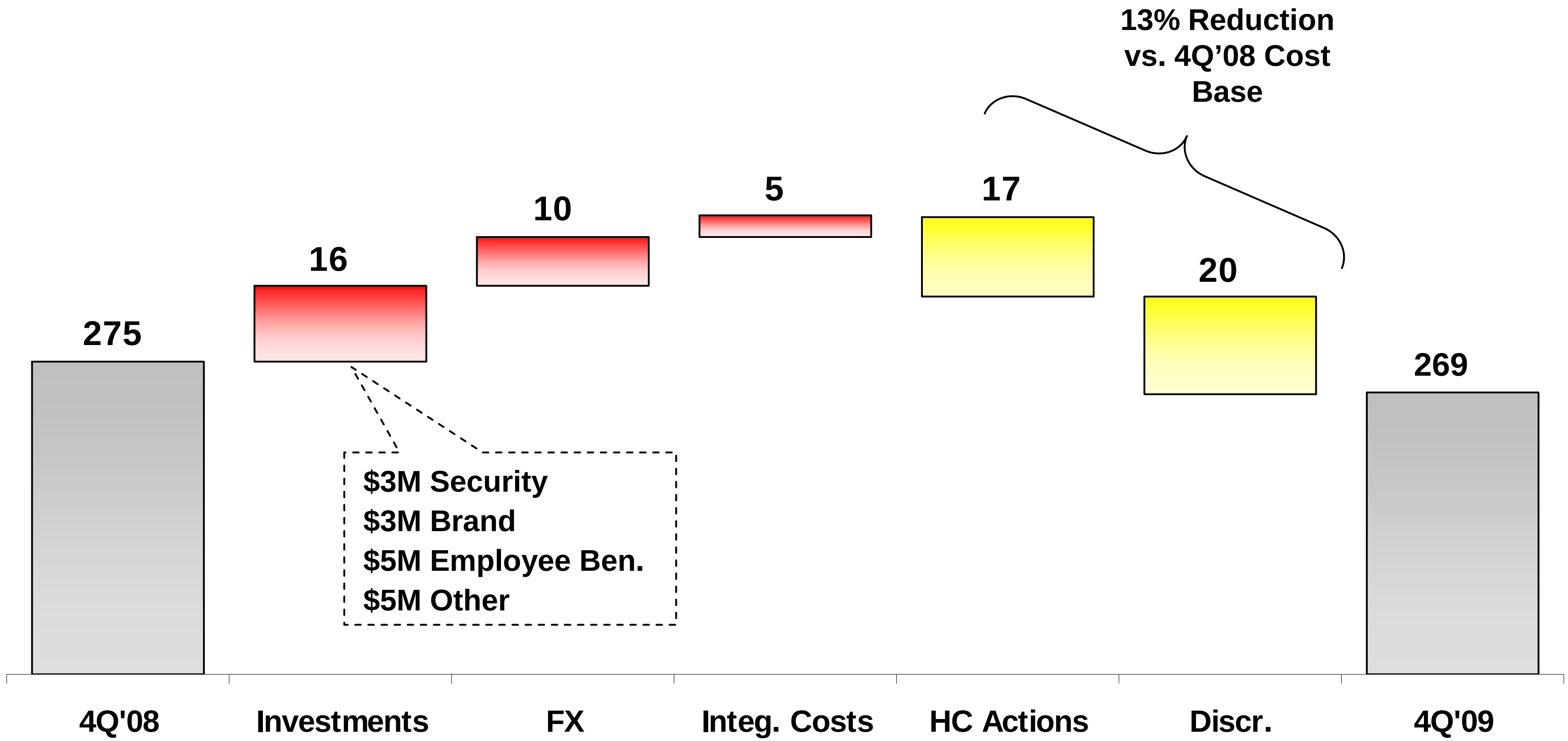
- Sustained Brand Exposure Over 38 Weekends
- Extensive Customer and End User Activation
- Numerous Race-Related "In Store" And "On Track" Promotions

MLB Sponsorship

- Signage In 40% Of All MLB Games
- Strategic Sign Placement To Maximize Television Exposure
- Strong Customer Activation Initiative

4Q'09 SG&A

Expenses Down 2% Vs. 4Q'08…



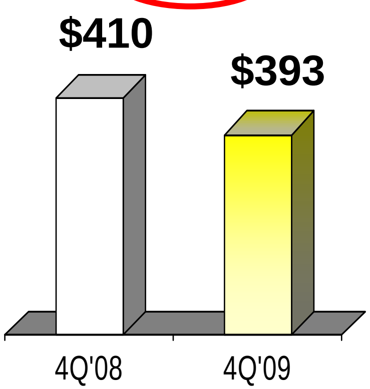
…$37M Benefit Realized From Headcount & Discretionary Actions

4Q'09 Security

Despite Volume Pressures, Profit Rate Continues To Hover Around 20%

Revenues

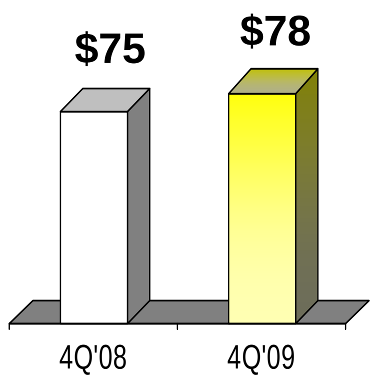
- 4%



Organic Growth = (7%)

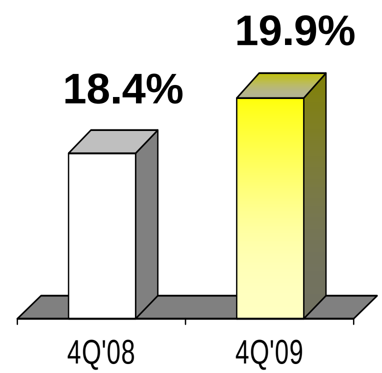
Segment Profit

+ 4%



Segment Profit Rate

+ 150 Bps



$43 Million In Revenue Attributable To Local Customer Teams (CSS/MAS Cross-Selling Effort) In 2009

Convergent Security Solutions (CSS)

- Revenues Declined Modestly (Single Digits)
- Installation Volume Weakness and Healthcare CapEx Constraints Remained A Challenge In 4Q
- Both Organic Revenue And Profit Rate Improved Sequentially Over The Past Two Quarters
- Continued Rate Improvement From Integration Benefits, Productivity, And Mix Towards RMR

Mechanical Access Solutions (MAS)

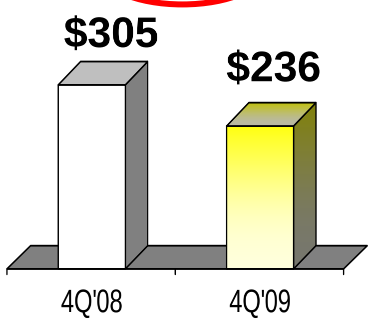
- Revenues Declined Due To Weakness In Key Verticals Affected By Ongoing Slow-Down In Commercial Construction; Offset Partially By 100% Retention Of National Account Customers
- Working Capital Turns Increased 14.7% While Fill Rates Improved
- Profit Rate Improved As Price Realization, Captured Deflation and Cost Reduction Efforts Offset Volume Pressures

4Q’09 Industrial

Profit Rate Pressured As Weak Markets Persist

Revenues

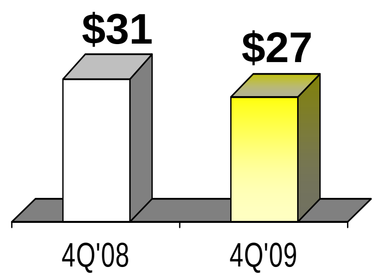
- 23%



Organic Growth = (26)%

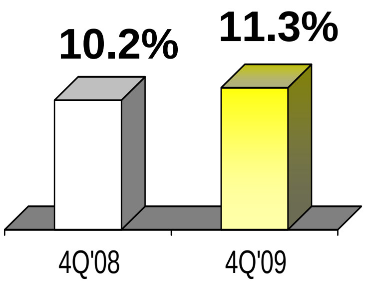
Segment Profit

- 14%



Segment Profit Rate

+ 110 Bps



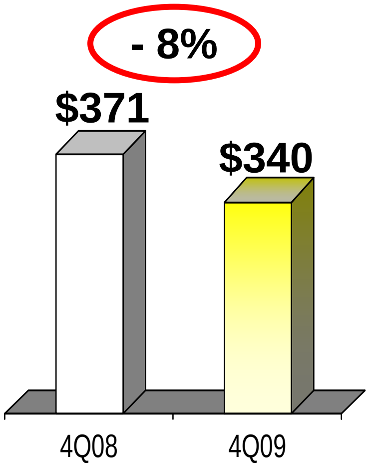
Industrial & Automotive Repair (IAR)

- Customer Inventory Destocking Trends Largely Ceased In 4Q’09
- Previously Announced European Cost Reductions Realized In 4Q Alleviated Portion Of Margin Pressure As Expected
- Facom Revenue Decline Slowed To 11%; ~$50M In FY Revenue From New Products In 2009. Continued Focus On NPD In 2010 As Means To Further Gain Share
- Proto NPD Vitality For Mechanics Tools And For Trade Tools In 2009 Approximately 20%
- Mac Profits Increased Significantly Versus Prior Year, Despite 18% Drop In Unit Volume, Due To Cost Reductions And Price Actions

(NPD = New Product Development)
(Vitality = % Sales From New Products From Last 3 Years)

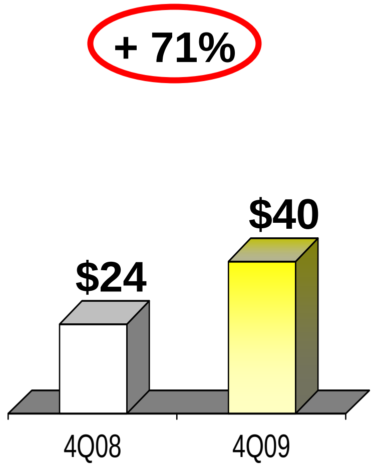
Profit Rate Expands Despite Significant Top Line Pressure

Revenues

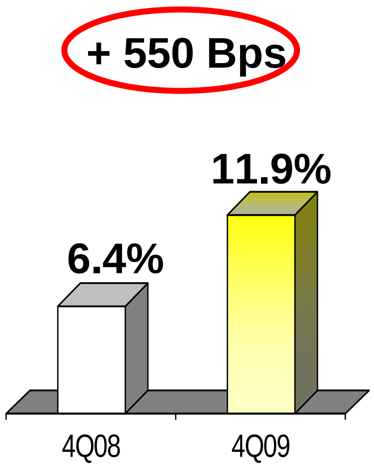


Organic Growth = (13%)

Segment Profit



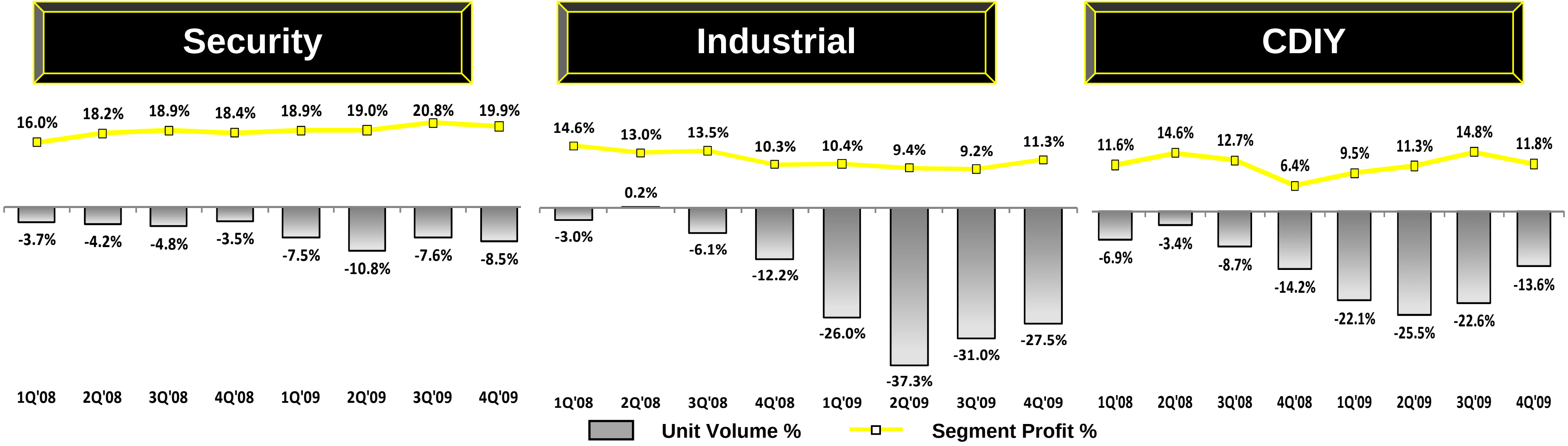
Segment Profit Rate



Construction/Do It Yourself

- Sequential Improvement In Revenue Of 4% Primarily Driven By Europe +10% And US +3%
- Segment Profit Improved 71% Due To Bostitch Integration Benefits, Lower Commodity Prices And Plant Productivity Initiatives
- Organic Revenue Declines Eased 7% Vs. 3Q: US 7%, Europe 4%, LA 6%, Canada 3%, Asia & Australia 19%
- Working Capital Turns Improved ~2X To 7.9 Turns
- NPD Revenue Of $60M For 2009; Bostitch Hand Tool Launch Successful
- Full Year SG&A Reduced By 17% Versus 2008

SWK Segments: Key Trends



- Installations Within Convergent Business Showing Slight Signs Of Improvement In Europe; Weakness Persists In U.S.
- Continuation Of Delayed And Abandoned Construction Projects Remains A Headwind; Focus On Growing Education And Healthcare Verticals In Effort To Offset
- Recovery Within Commercial Construction Market Expected To Lag Residential Construction Market Rebound By 9-12 Months
- Profit Rate Will Likely Continue To Be Strong

- Industrial Improvement Continues To Lag Behind CDIY
- Customers Cautious For 2010, Yet Extreme Destocking Throughout 2009 Suggests The Possibility Of A Necessary Amount Of Restocking
- Mobile Distribution Channels Continue To See Slow Recovery
- Top-line Weakness Likely To Persist In All Regions In Early 2010
- Profit Rate Likely Bottomed In 3Q'09

- Modest Growth Expected In Most Geographic Regions In 2010; U.S. Likely To Be Muted While Emerging Markets Recover With More Volition
- Focus On NPD And Marketing Remain Key Driver Of Top-line; Continued Proof Of Market Share Gains
- End-user Demand Improving Slightly
- Profit Rates Likely To Continue Migration Back To Historical Levels

4Q'09 Free Cash Flow

4Q Free Cash Trumps Prior Year Level…

($ million)	4Q'09	4Q'08	V$	09 YTD	08 YTD	V$
Net Income	$ 55	$ (1)	$ 56	$ 223	$ 307	$ (84)
Deprec/Amort	51	55	(4)	200	183	17
Restructuring	15	61	(46)	41	86	(45)
Working Capital	209	127	82	226	123	103
Other	(39)	(48)	9	(151)	(182)	31
Operating CF	291	194	97	539	517	22
CapEx	(28)	(59)	31	(93)	(141)	48
Taxes Pd (Sale of CST)	0	12	(12)	0	46	(46)
Free Cash Flow	263	147	116	446	422	24

…As Working Capital Helps To Drive $446M FCF For Full Year

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4Q'09 Balance Sheet

Conservative Financial Position Maintained…

	4Q'09	4Q'08	VPY$
Cash	401	212	189
Other Assets	4,372	4,655	(283)
Debt	1,383	1,612	(229)
Other Liabilities	1,380	1,530	(150)
Equity	2,010	1,725	285
Total Capital	3,393	3,337	56
Debt/Capital	41%	48%	
Adj. Debt/Capital	29% - 31%	34% - 37%	

…As Debt Reduction Lowers Debt/Capital Ratio

2010 Outlook

2010 EPS Guidance Of $3.00 - $3.25 On A Standalone Basis

On A Standalone Basis (i.e., Excludes All Impacts Of Black & Decker Transaction), Stanley Expects 2010 EPS In The Range Of $3.00 - $3.25 Based On The Following Assumptions:

- Net Sales Increase 2% - 4%
- Non-Recurrence Of Certain 2009 Events:
  1) The $0.34 Gain On The Extinguishment Of Debt
  2) The $0.22 Black & Decker Transaction And Integration Planning Costs
- Dilutive Impact Of $0.17 Due To Higher Share Count (~6 Million Shares Linked To The Equity Unit Hybrid Instrument)
- Dilutive Impact Of Approximately $0.20 - $0.25 Related To A Normalized Tax Rate
- $75 Million Positive Carryover Due To '09 Cost Actions; Partially Offset By ~$25M Brand And Security Related Investments
- Restructuring, Impairment And Related Charges To Remain Relatively Flat
- Net Zero Impact From Price And Inflation Based On Current Commodity Levels

Free Cash Flow For 2010 Of ~$300 - $350 Million

Summary

- **Continued Rigorous Integration Planning For Black & Decker**
- **Focus Remains On The Core Business: Market Share Gains, Customer Service And Fill Rates**
- **Modest Signs Of Growth Potential Within CDIY Encouraging; Remain Cautious Overall Without Concrete Evidence Of Broader Market Rebound In 2010**
- **SFS To Play Integral Role In Navigating Any Upswing In Demand As Well As Successful Integration Of Black & Decker**
- **Stanley Ready To Serve In Event Of Volume Surge As Year Unfolds**

A Legacy of Quality.

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A Future of Growth.

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End Market Update

End Market	*MAS*	*CSS*	*Industrial*	*CDIY*	*SWK*
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%	5%
Automotive Aftermkt	0%	2%	32%	0%	8%
Industrial*	3%	7%	51%	18%	20%
Other	5%	22%	2%	2%	7%
Total	***100%***	***100%***	***100%***	***100%***	***100%***

Data Representative Of 2009 Year-To-Date Revenues

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