

STANLEY BLACK & DECKER

StanleyBlack&Decker





StanleyBlack&Decker



DON ALLAN

Senior Vice President
& Chief Financial Officer



StanleyBlack&Decker



BLACK & DECKER INTEGRATION A YEAR IN REVIEW

Major Highlights

- \$135M In Cost Synergies, Up From Original \$90M Target
- Integration Process And Tracking Continues On A Regular Basis With Full Steering Committee Engagement
- Official SFS Rollout On January 11th; Pervasive Internal Communication And Education Platforms
- Revenue Synergies Identified Of \$300M-\$400M By 2013

Reality vs. Expectations

- Cultures Were More Similar
- Sales Force Integration More Delicate
- Speed Of Execution Outperformed Plan
- Potential To Leverage Existing Legacy Business Channels Higher Than Expectations
- Complexity Managing Interrelationships Between Functional And Business Teams Was Greater Than Anticipated

Solid Integration Process Continues To Yield Success



StanleyBlack&Decker

INTEGRATION SCORECARD

Category	Original Year 3 Goal	Current View	Confidence Level
Cost Synergies	\$350 Million (By 3/2013)	\$425 Million (By 2012)	High
Revenue Synergies	TBD	\$300 - \$400 M (By 2013)	High
Free Cash Flow	\$1 Billion	\$1.1 Billion (In 2011)	High

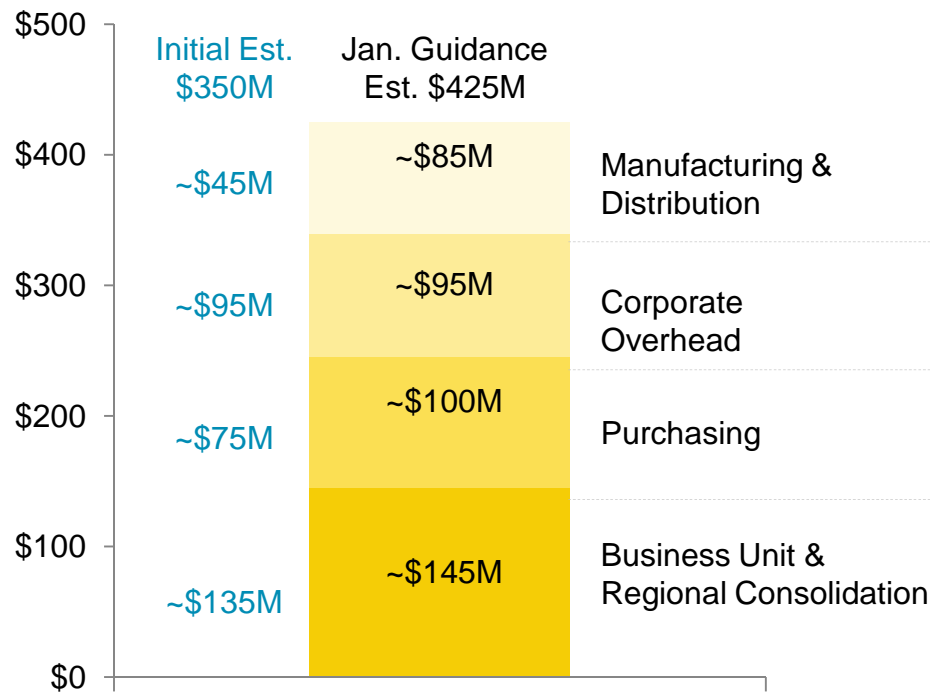
Strong Performance Against Original Commitments



StanleyBlack&Decker

COST SYNERGIES UPDATE

Strong Execution In Year One Drove Results Beyond Initial Expectations...



- \$425M - \$95M Corporate = \$330M
- \$330M Segment Split:
- ~70% CDIY, ~20% Security (MAS), ~10% Industrial

2010	\$135M
2011	\$165M
2012	\$125M
Total	\$425M

Annualized Synergies Entering 2013 Will Approximate \$460M

...And The Cost Synergy Target Was Also Raised From \$350M To \$425M



StanleyBlack&Decker

REVENUE SYNERGY OVERVIEW

Revenue Synergy Milestones

- Modestly Accretive To EPS In 2011 Due To Investments
- Will Add 50 Bps To Forecasted Organic Revenue Growth In 2011 Of 5% - 6%
- \$0.10 - \$0.20 EPS Accretion In 2012 As Investments Pay Off

Stanley Black & Decker Combination Continues To Drive Extremely Compelling Opportunities For Top And Bottom Line Growth

Revenue Synergies

2013

- Revenue Synergies Of \$300M – \$400 Million
- Implies Incremental EPS Impact Of \$0.35 - \$0.50

2013 Estimate By Type

Geographic Expansion	30%
Channel/Cross-Selling	30%
Brand Expansion	30%
Joint New Product Dev.	10%
Total	\$300M - \$400M

Segment Split

- ~2/3 CDIY
- ~1/6 Industrial
- ~1/6 Security



StanleyBlack&Decker



BLACK & DECKER INTEGRATION 2011 MILESTONES

Important 2011 Integration Milestones

- 1H'11: Completion Of The Annual Refresh Process Inclusive Of New Opportunities
- 1H'11: Several Of Major Footprint Related Projects Will Have Been Launched
- 2H'11: We Will Have Completed Two Major Distribution Center & Three Major Plant Consolidations
- By The End Of 2011, We Should Have Executed Projects That Represent 75% Of The 2012 Annualized Cost Savings Of \$425M
- Revenue Synergies Contributing 50 Bps Of Growth In 2011

Black & Decker Integration Remains Our Top Priority



StanleyBlack&Decker

2011 OUTLOOK

Reiterating 2011 EPS Guidance Of \$4.75 - \$5.00*

- Net Organic Sales To Increase 5-6% From Combined Company PF Level Of \$9.3B
- Revenue Synergies Will Add An Incremental 50 Bps To 2011 Revenues; Modest EPS Impact
- Acquisition Revenue Will Approximate 3% Growth
- \$165M In Cost Synergies Related To The Black & Decker Merger
- Operating Margin Rate Expansion Of ~150 Bps Versus 2010
 - Includes Net 100 Bps Negative Impact From Price/Inflation
- Including All Acquisition And Black & Decker Merger-Related Charges, Company Expects GAAP EPS To Approximate \$4.29 To \$4.54 In 2011
- Free Cash Flow To Approximate \$1.1B
 - Increased Capital Expenditures In 2011 Due To Revenue Synergies
 - Assumes Modest Benefit From Working Capital

Free Cash Flow To Approximate \$1.1B*

*Excludes Merger & Acquisition Related Charges And/Or Payments



StanleyBlack&Decker

STANLEY FULFILLMENT SYSTEM

Basic SFS Has A “New Look”...



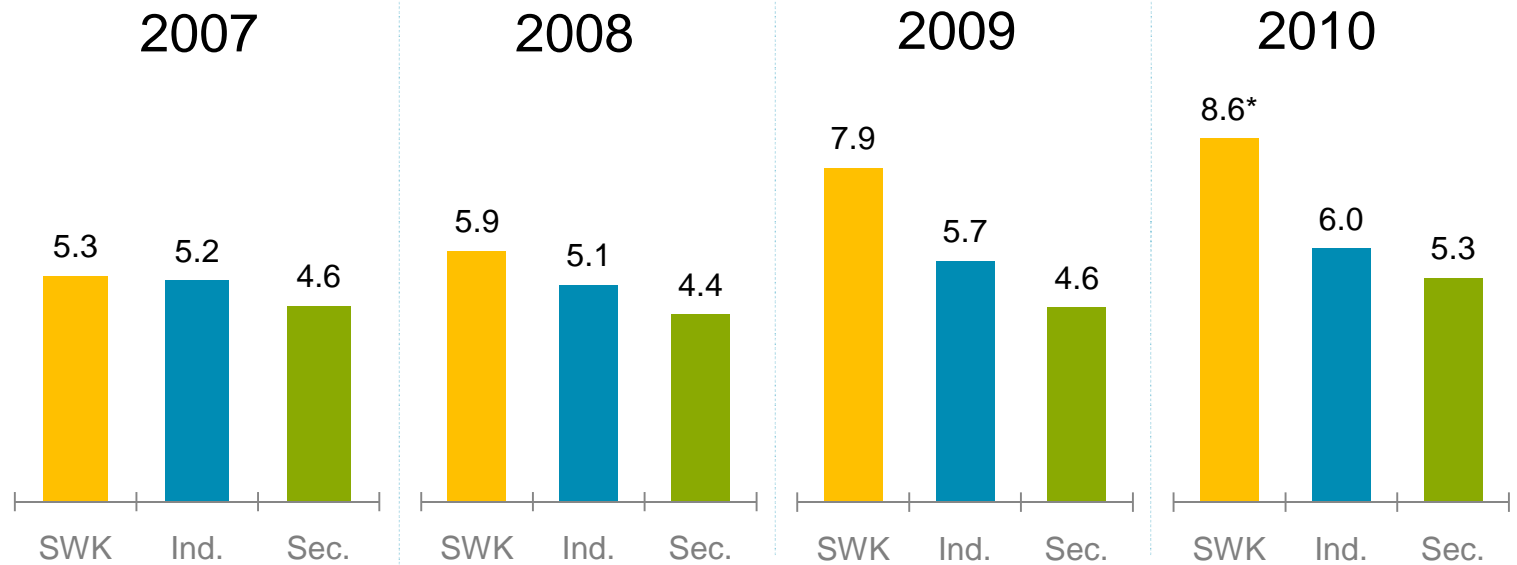
2011 Focus

- Implementation Across:
 - Legacy BDK
 - Lagging Legacy SWK Units
 - New Acquisitions
 - CRC-Evans
 - InfoLogix
- “Official” Rollout In January 2011
 - Now In Full Execution Mode

Primary Focus Will Be Implementing Basic SFS
Across The New Enterprise



SFS TRACK RECORD: WORKING CAPITAL PEER COMPARISON



Industrial Peers: ITW, DHR, IR, CBE, SHW, MAS, NWL, SNA
 Security Peers: SI, UTX, HON, TYC, ASSA, BCO, DBD, CKP

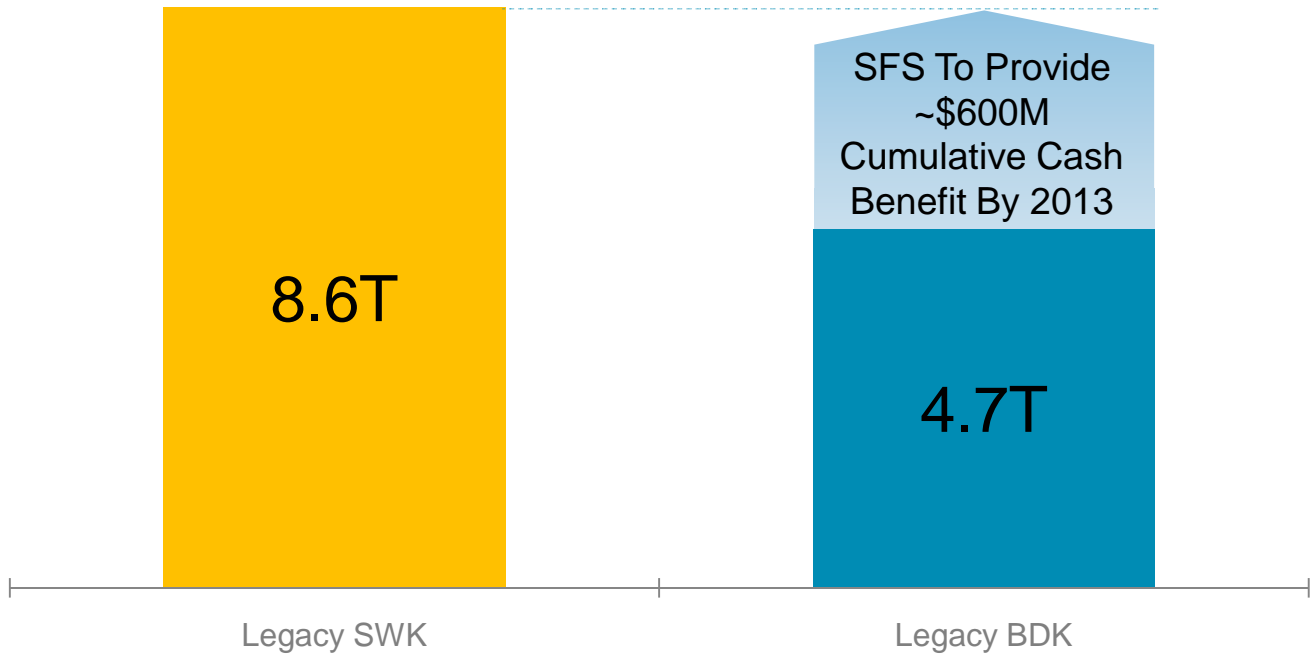
Clearly A Differentiated Performance

*Legacy Stanley Turns; Including BDK, 2010 Turns Were 5.7



SFS: THE BLACK & DECKER OPPORTUNITY

SFS Will Be Utilized To Elevate Legacy Black & Decker To Legacy Stanley Levels...



...Transformational Lean™ Will Be The Next Chapter



StanleyBlack&Decker

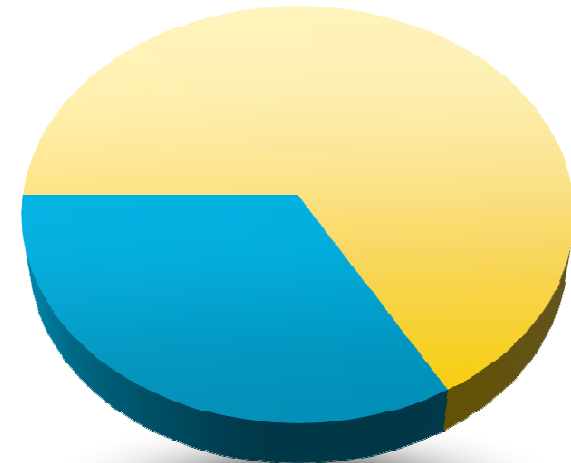


LONG-TERM CAPITAL ALLOCATION STRATEGY

With Clear Powerful Future Cash Flow Generation Potential...

Long-Term Capital Allocation Objectives

- Target Strong Investment Grade Credit Rating
 - Current Adjusted Debt/Capital Ratio: 29-30%
 - Invest Approximately 2/3 In Acquisitions And Growth
 - Return Approximately 1/3 To Shareholders
 - Committed To Continued Dividend Growth
- These Allocations Do Not Imply A Rigid Annual Formula
 - Since 2004, SWK Has Returned 48% Of Its FCF To Shareholders



■ Acquisitions 2/3
■ Dividends & Share Repurchase 1/3

... We Were Pleased To Raise Our Dividend 21% In February



StanleyBlack&Decker

GROWTH PLATFORMS

Five Growth Platforms

Convergent Security

Mechanical Security

Engineered Fastening

Infrastructure

Healthcare Solutions

- Grow Organically
- Expand Internationally Via Acquisitions
- Expand Into Adjacent Markets
- Intensify Innovation And Product Development
- Streamline Manufacturing Footprint And Product Platforms

Capital Focused On Driving Growth In Both Core And New Platforms



StanleyBlack&Decker



BALANCE SHEET

Deleveraging Is Likely In 2011 And 2012...

	2010 Actual	2011 Forecast
Synergies (\$M)	\$135	\$300
EBITDA (\$M)*	\$1,211	\$1,564
Free Cash Flow (\$M)*	\$935	\$1,100
Debt/EBITDA	2.8x	2.0x
Adjusted Debt/Capital	29%-30%	25%- 26%

SWK CREDIT
RATING:
S&P: A
Moody's: Baa1
Fitch: A-

Debt To EBITDA Goal = 1.5X

...With The Goal Of A Single A Credit Rating From All Three Agencies

*Excludes Merger/Acquisition Related Charges



CAPITAL ALLOCATION: A HYBRID MODEL

Total Yield
S&P: 1.67%
Peers: 1.7%
SWK: 2.2%

S&P Companies			
Dividend Yield	2.6%	1.7%	1.3%
Mean Growth Rate	< 10%	10 - 15%	>15%
# Of Companies	221	188	74
# Paying Dividends	174	138	33
% Paying Dividends	79%	73%	45%

70% Of SWK Cash Generated
Overseas
↓
An Obstacle For Stock Repurchases

A Growth Company That Returns A Large Percentage Of Its Cash To Shareholders

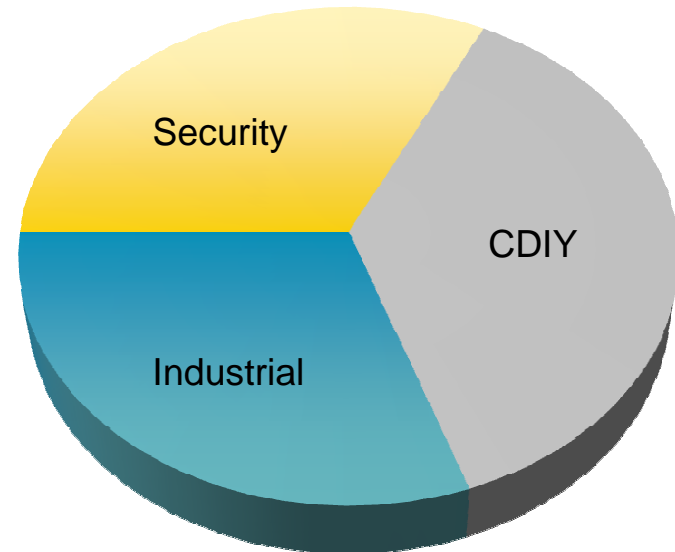
WHERE DO WE GO FROM HERE?

StanleyBlack&Decker

Vision:

- Revenues: \$15B By Mid-Decade
 - >15% OM
 - 15% ROCE
 - 10 Working Capital Turns
- Diversified Portfolio
 - CDIY/IAR >\$7B
 - Security > \$4B
 - Engineered Fastening >\$2B
 - Infrastructure \$1 – \$2B
 - Healthcare \$1 - \$2B

A More Diversified Portfolio



	2002	2008	2010
U.S. Home Centers & Mass Merchants	40%	13%	31%



Back to 2008 levels

Continued Journey To Becoming A Diversified Industrial Leader



StanleyBlack&Decker

SUMMARY

2011 Is Shaping Up To Be A Year Of Tremendous Performance...

- Clear Roadmap To Expand On 2010 Successes And Improve Areas Of Weakness
- Black & Decker Combination Continues To Drive Exciting Top & Bottom Line Expansion
 - Annualized Cost Synergies Entering 2013 Of ~\$460M
 - Revenue Synergies Of \$300 - \$400M By 2013 To Be Very Accretive
- Capital Allocation Strategy Represents Attractive Hybrid Value Proposition: Growth Company That Returns Large Percentage Of Cash To Shareholders
- Inflation A 2011 Headwind; Pricing Center Of Excellence Processes To Help Offset
- Infrastructure Growth Platform Allows For Utilization Of Core Skills Of Providing Tools And Services To New End Market With Compelling Global Growth Forecast

...Keen Focus On Integration Remains Key To Future Success