

STANLEY BLACK & DECKER, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF OPERATIONS
(Unaudited, Millions of Dollars Except Per Share Amounts)

	SECOND QUARTER		YEAR TO DATE	
	2011	2010	2011	2010
NET SALES	\$ 2,623.2	\$ 2,365.6	\$ 5,003.9	\$ 3,627.6
COSTS AND EXPENSES				
Cost of sales	1,655.8	1,596.6	3,154.0	2,402.7
Gross Margin	967.4	769.0	1,849.9	1,224.9
% to Net Sales	36.9%	32.5%	37.0%	33.8%
Selling, general and administrative	634.5	584.2	1,240.2	966.7
% to Net sales	24.2%	24.7%	24.8%	26.6%
Operating margin	332.9	184.8	609.7	258.2
% to Net sales	12.7%	7.8%	12.2%	7.1%
Other - net	59.8	65.1	112.3	130.0
Restructuring charges and asset impairments	21.1	85.8	34.4	183.2
Income (loss) from operations	252.0	33.9	463.0	(55.0)
Interest - net	26.8	24.6	56.3	42.7
EARNINGS (LOSS) BEFORE INCOME TAXES	225.2	9.3	406.7	(97.7)
Income taxes (benefit)	27.9	(37.0)	51.0	(35.5)
NET EARNINGS (LOSS)	197.3	46.3	355.7	(62.2)
Less: net earnings (loss) attributable to non-controlling interests	-	0.5	(0.3)	0.6
NET EARNINGS (LOSS) ATTRIBUTABLE TO COMMON SHAREOWNERS	\$ 197.3	\$ 45.8	\$ 356.0	\$ (62.8)
BASIC EARNINGS (LOSS) PER SHARE OF COMMON STOCK	\$ 1.17	\$ 0.28	\$ 2.12	\$ (0.49)
DILUTED EARNINGS (LOSS) PER SHARE OF COMMON STOCK	\$ 1.14	\$ 0.28	\$ 2.06	\$ (0.49)
DIVIDENDS PER SHARE OF COMMON STOCK	\$ 0.41	\$ 0.33	\$ 0.82	\$ 0.66
AVERAGE SHARES OUTSTANDING (in thousands)				
Basic	168,119	162,847	167,679	129,163
Diluted	173,075	166,084	172,429	129,163

STANLEY BLACK & DECKER, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED BALANCE SHEETS
(Millions of Dollars)

	(Unaudited)		January 1,
	July 2,		2011
	2011		2011
	<hr/>		<hr/>
ASSETS			
Cash and cash equivalents	\$ 1,915.0	\$	1,745.4
Accounts and notes receivable, net	1,624.6		1,417.1
Inventories, net	1,448.4		1,272.0
Other current assets	351.0		381.1
<i>Total current assets</i>	<hr/> 5,339.0		<hr/> 4,815.6
Property, plant and equipment, net	1,186.4		1,166.5
Goodwill and other intangibles, net	9,094.1		8,814.1
Other assets	414.0		343.2
<i>Total assets</i>	<hr/> \$ 16,033.5 <hr/>	<hr/> \$	<hr/> 15,139.4 <hr/>
 LIABILITIES AND SHAREOWNERS' EQUITY			
Short-term borrowings	\$ 943.9	\$	417.7
Accounts payable	1,267.9		998.6
Accrued expenses	1,166.9		1,325.9
<i>Total current liabilities</i>	<hr/> 3,378.7		<hr/> 2,742.2
Long-term debt	2,729.0		3,018.1
Other long-term liabilities	2,342.0		2,309.4
Stanley Black & Decker, Inc. shareowners' equity	7,531.4		7,017.0
Non-controlling interests' equity	52.4		52.7
<i>Total liabilities and equity</i>	<hr/> \$ 16,033.5 <hr/>	<hr/> \$	<hr/> 15,139.4 <hr/>

STANLEY BLACK & DECKER INC. AND SUBSIDIARIES
SUMMARY OF CASH FLOW ACTIVITY
(Unaudited, Millions of Dollars)

	SECOND QUARTER		YEAR TO DATE	
	2011	2010	2011	2010
OPERATING ACTIVITIES				
Net earnings (loss)	\$ 197.3	\$ 45.8	\$ 356.0	\$ (62.8)
Depreciation and amortization	93.8	92.7	197.7	152.4
Changes in working capital	(5.4)	(20.0)	(75.7)	(110.4)
Other	(108.4)	102.5	(180.3)	209.1
<i>Net cash provided by operating activities</i>	177.3	221.0	297.7	188.3
INVESTING AND FINANCING ACTIVITIES				
Capital and software expenditures	(67.9)	(35.1)	(138.0)	(57.2)
Business acquisitions and asset disposals	(35.6)	(10.9)	(80.1)	(18.1)
Cash acquired from Black & Decker	-	-	-	949.4
Investment in Niscayah	(58.5)	-	(58.5)	-
Proceeds from issuance of common stock	30.0	346.9	85.4	360.9
Purchases of short-term investments	(42.5)	-	(42.5)	-
Payments on long-term debt	(400.9)	(0.8)	(401.4)	(201.6)
Net short-term borrowings (repayments)	483.4	(357.1)	624.8	78.8
Cash dividends on common stock	(68.9)	(54.6)	(137.5)	(88.9)
Other	15.1	(16.4)	19.7	(13.9)
<i>Net cash (used in) provided by investing and financing activities</i>	(145.8)	(128.0)	(128.1)	1,009.4
<i>Increase in Cash and Cash Equivalents</i>	31.5	93.0	169.6	1,197.7
<i>Cash and Cash Equivalents, Beginning of Period</i>	1,883.5	1,505.4	1,745.4	400.7
<i>Cash and Cash Equivalents, End of Period</i>	\$ 1,915.0	\$ 1,598.4	\$ 1,915.0	\$ 1,598.4

The change in working capital is comprised of accounts receivable, inventory and accounts payable.

STANLEY BLACK & DECKER, INC. AND SUBSIDIARIES
BUSINESS SEGMENT INFORMATION
(Unaudited, Millions of Dollars)

	SECOND QUARTER		YEAR TO DATE	
	2011	2010	2011	2010
NET SALES				
Construction & DIY	\$ 1,364.4	\$ 1,300.0	\$ 2,575.2	\$ 1,849.0
Security	622.4	571.4	1,179.8	985.3
Industrial	636.4	494.2	1,248.9	793.3
<i>Total</i>	\$ 2,623.2	\$ 2,365.6	\$ 5,003.9	\$ 3,627.6
SEGMENT PROFIT				
Construction & DIY	\$ 190.6	\$ 112.8	\$ 347.1	\$ 160.3
Security	102.6	67.7	175.3	131.8
Industrial	97.5	57.1	204.4	94.4
<i>Segment Profit</i>	390.7	237.6	726.8	386.5
Corporate Overhead	(57.8)	(52.8)	(117.1)	(128.3)
<i>Total</i>	\$ 332.9	\$ 184.8	\$ 609.7	\$ 258.2
Segment Profit as a Percentage of Net Sales				
Construction & DIY	14.0%	8.7%	13.5%	8.7%
Security	16.5%	11.8%	14.9%	13.4%
Industrial	15.3%	11.6%	16.4%	11.9%
<i>Segment Profit</i>	14.9%	10.0%	14.5%	10.7%
Corporate Overhead	-2.2%	-2.2%	-2.3%	-3.5%
<i>Total</i>	12.7%	7.8%	12.2%	7.1%

STANLEY BLACK & DECKER, INC. AND SUBSIDIARIES
RECONCILIATION OF GAAP EARNINGS FINANCIAL MEASURES TO CORRESPONDING
NON-GAAP FINANCIAL MEASURES

(Unaudited, Millions of Dollars Except Per Share Amounts)

	SECOND QUARTER 2011		
	Reported	Merger & Acquisition-Related Charges ¹	Normalized ²
Cost of sales	\$ 1,655.8	\$ (4.8)	\$ 1,651.0
Gross margin	967.4	4.8	972.2
% to Net Sales	36.9%		37.1%
Selling, general and administrative	634.5	(18.2)	616.3
% to Net Sales	24.2%		23.5%
Operating margin	332.9	23.0	355.9
% to Net Sales	12.7%		13.6%
Income taxes	27.9	(5.8)	22.1
% to Earnings Before Income Taxes	12.4%		8.0%
Net earnings attributable to Common Shareowners	\$ 197.3	\$ 55.3	\$ 252.6
Diluted earnings per share of common stock	\$ 1.14	\$ 0.32	\$ 1.46

¹ Merger and acquisition-related charges relate primarily to the Black & Decker merger, including facility closure-related charges and integration costs.

² The normalized 2011 information, as reconciled to GAAP above, is considered relevant to aid analysis of the company's margin and earnings results aside from the material impact of the merger & acquisition-related charges primarily associated with the Black & Decker merger.

	SECOND QUARTER 2010		
	Reported	Merger & Acquisition-Related Charges ³	Normalized ⁴
Cost of sales	\$ 1,596.6	\$ (123.7)	\$ 1,472.9
Gross margin	769.0	123.7	892.7
% to Net Sales	32.5%		37.7%
Selling, general and administrative	584.2	(15.7)	568.5
% to Net Sales	24.7%		24.0%
Operating margin	184.8	139.4	324.2
% to Net Sales	7.8%		13.7%
Income taxes	(37.0)	(69.1)	32.1
% to Earnings (Loss) Before Income Taxes	-397.8%		13.4%
Net earnings attributable to Common Shareowners	\$ 45.8	\$ 160.3	\$ 206.1
Diluted earnings per share of common stock	\$ 0.28	\$ 0.97	\$ 1.24

³ Merger and acquisition-related charges relate primarily to the Black & Decker merger, including inventory step-up, facility closure-related charges, certain executive compensation and severance costs associated with the change in control, transaction and integration costs.

⁴ The normalized 2010 information, as reconciled to GAAP above, is considered relevant to aid analysis of the company's margin and earnings results aside from the material impact of the merger & acquisition-related charges associated with the Black & Decker merger.

STANLEY BLACK & DECKER, INC. AND SUBSIDIARIES
RECONCILIATION OF GAAP EARNINGS FINANCIAL MEASURES TO CORRESPONDING
NON-GAAP FINANCIAL MEASURES

(Unaudited, Millions of Dollars Except Per Share Amounts)

	YEAR TO DATE 2011		
	Reported	Merger & Acquisition- Related	Normalized ²
		Charges ¹	
Cost of sales	\$ 3,154.0	\$ (11.1)	\$ 3,142.9
Gross margin	1,849.9	11.1	1,861.0
% to Net Sales	37.0%		37.2%
Selling, general and administrative	1,240.2	(33.8)	1,206.4
% to Net Sales	24.8%		24.1%
Operating margin	609.7	44.9	654.6
% to Net Sales	12.2%		13.1%
Income taxes	51.0	3.5	54.5
% to Earnings Before Income Taxes	12.5%		11.0%
Net earnings attributable to Common Shareowners	\$ 356.0	\$ 83.3	\$ 439.3
Diluted earnings per share of common stock	\$ 2.06	\$ 0.49	\$ 2.55

¹ Merger and acquisition-related charges relate primarily to the Black & Decker merger, including facility closure-related charges and integration costs.

² The normalized 2011 information, as reconciled to GAAP above, is considered relevant to aid analysis of the company's margin and earnings results aside from the material impact of the merger & acquisition-related charges primarily associated with the Black & Decker merger.

	YEAR TO DATE 2010		
	Reported	Merger & Acquisition- Related	Normalized ⁴
		Charges ³	
Cost of sales	\$ 2,402.7	\$ (165.3)	\$ 2,237.4
Gross margin	1,224.9	165.3	1,390.2
% to Net Sales	33.8%		38.3%
Selling, general and administrative	966.7	(64.7)	902.0
% to Net Sales	26.6%		24.9%
Operating margin	258.2	230.0	488.2
% to Net Sales	7.1%		13.5%
Income taxes	(35.5)	(103.2)	67.7
% to Earnings (Loss) Before Income Taxes	36.3%		19.7%
Net (loss) earnings attributable to Common Shareowners	\$ (62.8)	\$ 339.0	\$ 276.2
Diluted (loss) earnings per share of common stock	\$ (0.49)	\$ 2.57	\$ 2.10

³ Merger and acquisition-related charges relate primarily to the Black & Decker merger, including inventory step-up, facility closure-related charges, certain executive compensation and severance costs associated with the change in control, transaction and integration costs.

⁴ The normalized 2010 information, as reconciled to GAAP above, is considered relevant to aid analysis of the company's margin and earnings results aside from the material impact of the merger & acquisition-related charges associated with the Black & Decker merger.

STANLEY BLACK & DECKER INC. AND SUBSIDIARIES
RECONCILIATION OF GAAP CASH FLOW FINANCIAL MEASURES TO CORRESPONDING
NON-GAAP FINANCIAL MEASURES
(Unaudited, Millions of Dollars)

	SECOND QUARTER 2011		
	Reported	Merger & Acquisition- Related Charges and Payments¹	Normalized²
Net cash provided by operating activities	177.3	33.8	211.1
<u>Free Cash Flow Computation³</u>			
Operating Cash Inflow	\$ 177.3		\$ 211.1
Less: capital and software expenditures	(67.9)	13.8	(54.1)
Free Cash Inflow (before dividends)	\$ 109.4	\$ 47.6	\$ 157.0

¹ Merger and acquisition-related charges and payments relate primarily to the Black & Decker merger, including facility closure-related charges and integration costs.

	SECOND QUARTER 2010		
	Reported	Merger & Acquisition- Related Charges and Payments¹	Normalized²
Net cash provided by operating activities	221.0	27.2	248.2
<u>Free Cash Flow Computation³</u>			
Operating Cash Inflow	\$ 221.0		\$ 248.2
Less: capital and software expenditures	(35.1)		(35.1)
Free Cash Inflow (before dividends)	\$ 185.9		\$ 213.1

^{2,3} Free cash flow is defined as cash flow from operations less capital and software expenditures. Management considers free cash flow an important measure of its liquidity, as well as its ability to fund future growth and to provide a return to the shareowners. Free cash flow does not include deductions for mandatory debt service, other borrowing activity, discretionary dividends on the Company's common stock and business acquisitions, among other items. Normalized cash flow and free cash flow, as reconciled above, are considered meaningful pro forma metrics to aid the understanding of the company's cash flow performance aside from the material impact of Black & Decker merger-related payments and charges.

STANLEY BLACK & DECKER INC. AND SUBSIDIARIES
RECONCILIATION OF GAAP CASH FLOW FINANCIAL MEASURES TO CORRESPONDING
NON-GAAP FINANCIAL MEASURES
(Unaudited, Millions of Dollars)

	YEAR TO DATE 2011		
	Reported	Merger & Acquisition- Related Charges and Payments ¹	Normalized ²
Net cash provided by operating activities	297.7	44.9	342.6
<u>Free Cash Flow Computation³</u>			
Operating Cash Inflow	\$ 297.7		\$ 342.6
Less: capital and software expenditures	(138.0)	30.7	(107.3)
Free Cash Inflow (before dividends)	\$ 159.7	\$ 75.6	\$ 235.3

¹ Merger and acquisition-related charges and payments relate primarily to the Black & Decker merger, including facility closure-related charges and integration costs.

	YEAR TO DATE 2010		
	Reported	Merger & Acquisition- Related Charges and Payments ⁴	Normalized ²
Net cash provided by operating activities	188.3	119.2	307.5
<u>Free Cash Flow Computation³</u>			
Operating Cash Inflow	\$ 188.3		\$ 307.5
Less: capital and software expenditures	(57.2)		(57.2)
Free Cash Inflow (before dividends)	\$ 131.1		\$ 250.3

^{2,3} Free cash flow is defined as cash flow from operations less capital and software expenditures. Management considers free cash flow an important measure of its liquidity, as well as its ability to fund future growth and to provide a return to the shareowners. Free cash flow does not include deductions for mandatory debt service, other borrowing activity, discretionary dividends on the Company's common stock and business acquisitions, among other items. Normalized cash flow and free cash flow, as reconciled above, are considered meaningful pro forma metrics to aid the understanding of the company's cash flow performance aside from the material impact of Black & Decker merger-related payments and charges.

⁴ Merger and acquisition-related charges and payments relate primarily to the Black & Decker merger, including inventory step-up (non-cash), facility closure-related charges, certain executive compensation and severance costs associated with change in control, transaction and integration costs.

STANLEY BLACK & DECKER, INC. AND SUBSIDIARIES
RECONCILIATION OF GAAP SEGMENT PROFIT FINANCIAL MEASURES TO CORRESPONDING
NON-GAAP FINANCIAL MEASURES
(Unaudited, Millions of Dollars)

SECOND QUARTER 2011			
<i>SEGMENT PROFIT</i>	Reported	Merger & Acquisition- Related Charges ¹	Normalized ²
Construction & DIY	\$ 190.6	\$ 4.2	\$ 194.8
Security	102.6	2.1	104.7
Industrial	97.5	0.3	97.8
Segment Profit	390.7	6.6	397.3
Corporate Overhead	(57.8)	16.4	(41.4)
Total	<u>\$ 332.9</u>	<u>\$ 23.0</u>	<u>\$ 355.9</u>
<i>Segment Profit as a Percentage of Net Sales</i>			
Construction & DIY	14.0%		14.3%
Security	16.5%		16.8%
Industrial	15.3%		15.4%
Segment Profit	14.9%		15.1%
Corporate Overhead	-2.2%		-1.6%
Total	<u>12.7%</u>		<u>13.6%</u>

¹ Merger and acquisition-related charges relate primarily to the Black & Decker merger, including facility closure-related charges and integration costs.

² The normalized 2011 business segment information, as reconciled to GAAP above, is considered relevant to aid analysis of the company's segment profit results aside from the material impact of the merger & acquisition-related charges associated with the Black & Decker merger.

SECOND QUARTER 2010			
<i>SEGMENT PROFIT</i>	Reported	Merger & Acquisition- Related Charges ³	Normalized ⁴
Construction & DIY	\$ 112.8	\$ 88.4	\$ 201.2
Security	67.7	21.7	89.4
Industrial	57.1	13.6	70.7
Segment Profit	237.6	123.7	361.3
Corporate Overhead	(52.8)	15.7	(37.1)
Total	<u>\$ 184.8</u>	<u>\$ 139.4</u>	<u>\$ 324.2</u>
<i>Segment Profit as a Percentage of Net Sales</i>			
Construction & DIY	8.7%		15.5%
Security	11.8%		15.6%
Industrial	11.6%		14.3%
Segment Profit	10.0%		15.3%
Corporate Overhead	-2.2%		-1.6%
Total	<u>7.8%</u>		<u>13.7%</u>

³ Merger and acquisition-related charges and payments relate primarily to the Black & Decker merger, including inventory step-up (non-cash), facility closure-related charges, certain executive compensation and severance costs associated with change in control, transaction and integration costs.

⁴ The normalized 2010 business segment information, as reconciled to GAAP above, is considered relevant to aid analysis of the company's segment profit results aside from the material impact of the merger & acquisition-related charges associated with the Black & Decker merger.

STANLEY BLACK & DECKER, INC. AND SUBSIDIARIES
RECONCILIATION OF GAAP SEGMENT PROFIT FINANCIAL MEASURES TO CORRESPONDING
NON-GAAP FINANCIAL MEASURES
(Unaudited, Millions of Dollars)

YEAR TO DATE 2011			
	Reported	Merger & Acquisition-Related Charges ¹	Normalized ²
SEGMENT PROFIT			
Construction & DIY	\$ 347.1	\$ 6.6	\$ 353.7
Security	175.3	6.6	181.9
Industrial	204.4	0.3	204.7
Segment Profit	726.8	13.5	740.3
Corporate Overhead	(117.1)	31.4	(85.7)
Total	\$ 609.7	\$ 44.9	\$ 654.6
Segment Profit as a Percentage of Net Sales			
Construction & DIY	13.5%		13.7%
Security	14.9%		15.4%
Industrial	16.4%		16.4%
Segment Profit	14.5%		14.8%
Corporate Overhead	-2.3%		-1.7%
Total	12.2%		13.1%

¹ Merger and acquisition-related charges relate primarily to the Black & Decker merger, including facility closure-related charges and integration costs.

² The normalized 2011 business segment information, as reconciled to GAAP above, is considered relevant to aid analysis of the company's segment profit results aside from the material impact of the merger & acquisition-related charges associated with the Black & Decker merger.

YEAR TO DATE 2010			
	Reported	Merger & Acquisition-Related Charges ³	Normalized ⁴
SEGMENT PROFIT			
Construction & DIY	\$ 160.3	\$ 120.3	\$ 280.6
Security	131.8	27.0	158.8
Industrial	94.4	18.0	112.4
Segment Profit	386.5	165.3	551.8
Corporate Overhead	(128.3)	64.7	(63.6)
Total	\$ 258.2	\$ 230.0	\$ 488.2
Segment Profit as a Percentage of Net Sales			
Construction & DIY	8.7%		15.2%
Security	13.4%		16.1%
Industrial	11.9%		14.2%
Segment Profit	10.7%		15.2%
Corporate Overhead	-3.5%		-1.8%
Total	7.1%		13.5%

³ Merger and acquisition-related charges and payments relate primarily to the Black & Decker merger, including inventory step-up (non-cash), facility closure-related charges, certain executive compensation and severance costs associated with change in control, transaction and integration costs.

⁴ The normalized 2010 business segment information, as reconciled to GAAP above, is considered relevant to aid analysis of the company's segment profit results aside from the material impact of the merger & acquisition-related charges associated with the Black & Decker merger.