

**STANLEY BLACK & DECKER, INC. AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF OPERATIONS**

(Unaudited, Millions of Dollars Except Per Share Amounts)

	<u>THIRD QUARTER</u>		<u>YEAR TO DATE</u>	
	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>
<b>NET SALES</b>	\$ 2,636.4	\$ 2,369.1	\$ 7,640.3	\$ 5,996.7
<b>COSTS AND EXPENSES</b>				
Cost of sales	1,662.0	1,514.8	4,816.0	3,917.5
Gross Margin	974.4	854.3	2,824.3	2,079.2
% to Net Sales	37.0%	36.1%	37.0%	34.7%
Selling, general and administrative	644.6	582.6	1,884.8	1,549.3
% to Net sales	24.5%	24.6%	24.7%	25.8%
Operating margin	329.8	271.7	939.5	529.9
% to Net sales	12.5%	11.5%	12.3%	8.8%
Other - net	89.9	52.3	202.2	182.3
Restructuring charges and asset impairments	24.3	24.8	58.7	208.0
Income from operations	215.6	194.6	678.6	139.6
Interest - net	26.9	26.7	83.2	69.4
<b>EARNINGS BEFORE INCOME TAXES</b>	188.7	167.9	595.4	70.2
Income taxes	33.4	44.8	84.4	9.3
<b>NET EARNINGS</b>	155.3	123.1	511.0	60.9
Less: net earnings (loss) attributable to non-controlling interests	0.7	(0.1)	0.4	0.5
<b>NET EARNINGS ATTRIBUTABLE TO COMMON SHAREOWNERS</b>	\$ 154.6	\$ 123.2	\$ 510.6	\$ 60.4
<b>BASIC EARNINGS PER SHARE OF COMMON STOCK</b>	\$ 0.94	\$ 0.74	\$ 3.07	\$ 0.43
<b>DILUTED EARNINGS PER SHARE OF COMMON STOCK</b>	\$ 0.92	\$ 0.73	\$ 2.99	\$ 0.42
<b>DIVIDENDS PER SHARE OF COMMON STOCK</b>	\$ 0.41	\$ 0.34	\$ 1.23	\$ 1.00
<b>AVERAGE SHARES OUTSTANDING (in thousands)</b>				
Basic	164,962	165,793	166,524	141,071
Diluted	168,896	168,889	170,976	143,766

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

	<b>(Unaudited)</b>	
	<b>October 1,</b>	<b>January 1,</b>
	<b>2011</b>	<b>2011</b>
	<hr/>	<hr/>
<b>ASSETS</b>		
Cash and cash equivalents	\$ 851.9	\$ 1,745.4
Accounts and notes receivable, net	1,836.9	1,417.1
Inventories, net	1,604.6	1,272.0
Other current assets	443.9	381.1
<i>Total current assets</i>	<hr/> 4,737.3	<hr/> 4,815.6
Property, plant and equipment, net	1,225.8	1,166.5
Goodwill and other intangibles, net	10,142.0	8,814.1
Other assets	377.9	343.2
<i>Total assets</i>	<hr/> <hr/> \$ 16,483.0	<hr/> <hr/> \$ 15,139.4
 <b>LIABILITIES AND SHAREOWNERS' EQUITY</b>		
Short-term borrowings	\$ 1,078.2	\$ 417.7
Accounts payable	1,387.0	998.6
Accrued expenses	1,345.1	1,325.9
<i>Total current liabilities</i>	<hr/> 3,810.3	<hr/> 2,742.2
Long-term debt	2,738.7	3,018.1
Other long-term liabilities	2,832.3	2,309.4
Stanley Black & Decker, Inc. shareowners' equity	7,038.0	7,017.0
Non-controlling interests' equity	63.7	52.7
<i>Total liabilities and equity</i>	<hr/> <hr/> \$ 16,483.0	<hr/> <hr/> \$ 15,139.4

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

	<u>THIRD QUARTER</u>		<u>YEAR TO DATE</u>	
	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>
<b><i>OPERATING ACTIVITIES</i></b>				
Net earnings	\$ 154.6	\$ 123.2	\$ 510.6	\$ 60.4
Depreciation and amortization	100.3	86.4	298.0	238.8
Changes in working capital	(45.0)	(72.8)	(120.7)	(183.2)
Other	(52.9)	62.3	(233.2)	271.4
<i>Net cash provided by operating activities</i>	<u>157.0</u>	<u>199.1</u>	<u>454.7</u>	<u>387.4</u>
<b><i>INVESTING AND FINANCING ACTIVITIES</i></b>				
Capital and software expenditures	(58.4)	(45.9)	(196.4)	(103.1)
Business acquisitions and asset disposals	(1,010.6)	(460.6)	(1,149.2)	(478.7)
Cash acquired from Black & Decker	-	-	-	949.4
Proceeds from long-term borrowings	0.9	396.3	21.4	396.3
Proceeds from issuance of common stock	17.0	14.3	102.4	375.2
Payments on long-term debt	(1.8)	(0.9)	(403.2)	(202.5)
Net short-term (repayments) borrowings	(68.8)	(38.6)	556.0	40.2
Cash dividends on common stock	(69.1)	(56.3)	(206.6)	(145.2)
Other	(29.3)	30.1	(72.6)	16.2
<i>Net cash (used in) provided by investing and financing activities</i>	<u>(1,220.1)</u>	<u>(161.6)</u>	<u>(1,348.2)</u>	<u>847.8</u>
<i>Change in Cash and Cash Equivalents</i>	(1,063.1)	37.5	(893.5)	1,235.2
<i>Cash and Cash Equivalents, Beginning of Period</i>	<u>1,915.0</u>	<u>1,598.4</u>	<u>1,745.4</u>	<u>400.7</u>
<i>Cash and Cash Equivalents, End of Period</i>	<u>\$ 851.9</u>	<u>\$ 1,635.9</u>	<u>\$ 851.9</u>	<u>\$ 1,635.9</u>

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)

	THIRD QUARTER		YEAR TO DATE	
	2011	2010	2011	2010
<b>NET SALES</b>				
Construction & DIY	\$ 1,337.6	\$ 1,266.8	\$ 3,912.8	\$ 3,115.8
Security	656.4	563.1	1,836.2	1,548.4
Industrial	642.4	539.2	1,891.3	1,332.5
<i>Total</i>	\$ 2,636.4	\$ 2,369.1	\$ 7,640.3	\$ 5,996.7
<b>SEGMENT PROFIT</b>				
Construction & DIY	\$ 169.9	\$ 158.8	\$ 516.9	\$ 319.1
Security	109.5	87.2	284.7	219.0
Industrial	105.8	80.7	310.2	175.1
<i>Segment Profit</i>	385.2	326.7	1,111.8	713.2
Corporate Overhead	(55.4)	(55.0)	(172.3)	(183.3)
<i>Total</i>	\$ 329.8	\$ 271.7	\$ 939.5	\$ 529.9
<b>Segment Profit as a Percentage of Net Sales</b>				
Construction & DIY	12.7%	12.5%	13.2%	10.2%
Security	16.7%	15.5%	15.5%	14.1%
Industrial	16.5%	15.0%	16.4%	13.1%
<i>Segment Profit</i>	14.6%	13.8%	14.6%	11.9%
Corporate Overhead	(-2.1%)	(-2.3%)	(-2.3%)	(-3.1%)
<i>Total</i>	12.5%	11.5%	12.3%	8.8%

**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)

	<b>THIRD QUARTER 2011</b>		
	<b>Reported</b>	<b>Merger &amp; Acquisition-Related Charges<sup>1</sup></b>	<b>Normalized<sup>2</sup></b>
Gross margin	974.4	15.3	989.7
% to Net Sales	37.0%		37.5%
Selling, general and administrative	644.6	(21.8)	622.8
% to Net Sales	24.5%		23.6%
Operating margin	329.8	37.1	366.9
% to Net Sales	12.5%		13.9%
Income taxes	33.4	23.4	56.8
% to Earnings Before Income Taxes	17.7%		20.0%
Net earnings attributable to Common Shareowners	\$ 154.6	\$ 71.7	\$ 226.3
Diluted earnings per share of common stock	\$ 0.92	\$ 0.42	\$ 1.34

<sup>1</sup> Merger and acquisition-related charges relate primarily to the Black & Decker merger and Niscayah acquisition, including facility closure-related charges, integration costs and transaction costs.

<sup>2</sup> The normalized 2011 information, as reconciled to GAAP, 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.

	<b>THIRD QUARTER 2010</b>		
	<b>Reported</b>	<b>Merger &amp; Acquisition-Related Charges<sup>3</sup></b>	<b>Normalized<sup>2</sup></b>
Gross margin	854.3	19.9	874.2
% to Net Sales	36.1%		36.9%
Selling, general and administrative	582.6	(8.0)	574.6
% to Net Sales	24.6%		24.3%
Operating margin	271.7	27.9	299.6
% to Net Sales	11.5%		12.6%
Income taxes	44.8	16.1	60.9
% to Earnings Before Income Taxes	26.7%		27.0%
Net earnings attributable to Common Shareowners	\$ 123.2	\$ 41.4	\$ 164.6
Diluted earnings per share of common stock	\$ 0.73	\$ 0.24	\$ 0.97

<sup>3</sup> 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, transaction and integration costs.

**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 Charges <sup>1</sup>	Normalized <sup>2</sup>
Gross margin	2,824.3	26.4	2,850.7
% to Net Sales	37.0%		37.3%
Selling, general and administrative	1,884.8	(55.5)	1,829.3
% to Net Sales	24.7%		23.9%
Operating margin	939.5	81.9	1,021.4
% to Net Sales	12.3%		13.4%
Income taxes	84.4	26.8	111.2
% to Earnings Before Income Taxes	14.2%		14.3%
Net earnings attributable to Common Shareowners	\$ 510.6	\$ 155.0	\$ 665.6
Diluted earnings per share of common stock	\$ 2.99	\$ 0.90	\$ 3.89

<sup>1</sup> Merger and acquisition-related charges relate primarily to the Black & Decker merger and Niscayah acquisition, including facility closure-related charges, integration costs and transaction costs.

<sup>2</sup> The normalized 2011 information, as reconciled to GAAP, 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.

	YEAR TO DATE 2010		
	Reported	Merger & Acquisition- Related Charges <sup>3</sup>	Normalized <sup>2</sup>
Gross margin	2,079.2	185.2	2,264.4
% to Net Sales	34.7%		37.8%
Selling, general and administrative	1,549.3	(72.7)	1,476.6
% to Net Sales	25.8%		24.6%
Operating margin	529.9	257.9	787.8
% to Net Sales	8.8%		13.1%
Income taxes	9.3	119.3	128.6
% to Earnings Before Income Taxes	13.2%		22.6%
Net earnings attributable to Common Shareowners	\$ 60.4	\$ 380.4	\$ 440.8
Diluted earnings per share of common stock	\$ 0.42	\$ 2.65	\$ 3.07

<sup>3</sup> 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.

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

	<b>THIRD QUARTER 2011</b>		
	<b>Reported</b>	<b>Merger &amp; Acquisition- Related Charges and Payments<sup>1</sup></b>	<b>Normalized<sup>2</sup></b>
Net cash provided by operating activities	157.0	71.7	228.7
<u>Free Cash Flow Computation<sup>3</sup></u>			
Operating Cash Inflow	\$ 157.0		\$ 228.7
Less: capital and software expenditures	(58.4)	6.0	(52.4)
Free Cash Inflow (before dividends)	\$ 98.6	\$ 77.7	\$ 176.3

<sup>1</sup> Merger and acquisition-related charges and payments relate primarily to the Black & Decker merger and Niscayah acquisition, including facility closure-related charges, integration costs and transaction costs.

	<b>THIRD QUARTER 2010</b>		
	<b>Reported</b>	<b>Merger &amp; Acquisition- Related Charges and Payments<sup>4</sup></b>	<b>Normalized<sup>2</sup></b>
Net cash provided by operating activities	199.1	80.7	279.8
<u>Free Cash Flow Computation<sup>3</sup></u>			
Operating Cash Inflow	\$ 199.1		\$ 279.8
Less: capital and software expenditures	(45.9)		(45.9)
Free Cash Inflow (before dividends)	\$ 153.2		\$ 233.9

<sup>2,3</sup> 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 the merger and acquisition-related payments and charges.

<sup>4</sup> 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, transaction and integration costs.

**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 <sup>1</sup>	Normalized <sup>2</sup>
Net cash provided by operating activities	454.7	155.0	609.7
<u>Free Cash Flow Computation<sup>3</sup></u>			
Operating Cash Inflow	\$ 454.7		\$ 609.7
Less: capital and software expenditures	(196.4)	36.7	(159.7)
Free Cash Inflow (before dividends)	\$ 258.3	\$ 191.7	\$ 450.0

<sup>1</sup> Merger and acquisition-related charges and payments relate primarily to the Black & Decker merger and Niscayah acquisition, including facility closure-related charges, integration costs and transaction costs.

	YEAR TO DATE 2010		
	Reported	Merger & Acquisition-Related Charges and Payments <sup>4</sup>	Normalized <sup>2</sup>
Net cash provided by operating activities	387.4	199.9	587.3
<u>Free Cash Flow Computation<sup>3</sup></u>			
Operating Cash Inflow	\$ 387.4		\$ 587.3
Less: capital and software expenditures	(103.1)		(103.1)
Free Cash Inflow (before dividends)	\$ 284.3		\$ 484.2

<sup>2,3</sup> 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 the merger and acquisition-related payments and charges.

<sup>4</sup> 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)

THIRD QUARTER 2011

<i>SEGMENT PROFIT</i>	Merger & Acquisition-Related Charges		
	Reported	Charges <sup>1</sup>	Normalized <sup>2</sup>
Construction & DIY	\$ 169.9	\$ 6.6	\$ 176.5
Security	109.5	11.3	120.8
Industrial	<u>105.8</u>	<u>0.5</u>	<u>106.3</u>
<i>Segment Profit</i>	385.2	18.4	403.6
Corporate Overhead	<u>(55.4)</u>	<u>18.7</u>	<u>(36.7)</u>
<i>Total</i>	<u>\$ 329.8</u>	<u>\$ 37.1</u>	<u>\$ 366.9</u>
<i>Segment Profit as a Percentage of Net Sales</i>			
Construction & DIY	12.7%		13.2%
Security	16.7%		18.4%
Industrial	<u>16.5%</u>		<u>16.5%</u>
<i>Segment Profit</i>	14.6%		15.3%
Corporate Overhead	<u>-2.1%</u>		<u>-1.4%</u>
<i>Total</i>	<u>12.5%</u>		<u>13.9%</u>

<sup>1</sup> Merger and acquisition-related charges relate primarily to the Black & Decker merger and Niscayah acquisition, including facility closure-related charges, integration costs and transaction costs.

<sup>2</sup> The normalized 2011 business segment information, as reconciled to GAAP, is considered relevant to aid analysis of the company's segment profit results aside from the material impact of the merger & acquisition-related charges.

THIRD QUARTER 2010

<i>SEGMENT PROFIT</i>	Merger & Acquisition-Related Charges		
	Reported	Charges <sup>3</sup>	Normalized <sup>2</sup>
Construction & DIY	\$ 158.8	\$ 5.8	\$ 164.6
Security	87.2	9.8	97.0
Industrial	<u>80.7</u>	<u>4.8</u>	<u>85.5</u>
<i>Segment Profit</i>	326.7	20.4	347.1
Corporate Overhead	<u>(55.0)</u>	<u>7.5</u>	<u>(47.5)</u>
<i>Total</i>	<u>\$ 271.7</u>	<u>\$ 27.9</u>	<u>\$ 299.6</u>
<i>Segment Profit as a Percentage of Net Sales</i>			
Construction & DIY	12.5%		13.0%
Security	15.5%		17.2%
Industrial	<u>15.0%</u>		<u>15.9%</u>
<i>Segment Profit</i>	13.8%		14.7%
Corporate Overhead	<u>-2.3%</u>		<u>-2.0%</u>
<i>Total</i>	<u>11.5%</u>		<u>12.6%</u>

<sup>3</sup> 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, 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)

<u>YEAR TO DATE 2011</u>			
	<u>Reported</u>	<u>Merger &amp; Acquisition- Related Charges<sup>1</sup></u>	<u>Normalized<sup>2</sup></u>
<b>SEGMENT PROFIT</b>			
Construction & DIY	\$ 516.9	\$ 13.2	\$ 530.1
Security	284.7	17.8	302.5
Industrial	<u>310.2</u>	<u>0.8</u>	<u>311.0</u>
Segment Profit	1,111.8	31.8	1,143.6
Corporate Overhead	<u>(172.3)</u>	<u>50.1</u>	<u>(122.2)</u>
Total	<u>\$ 939.5</u>	<u>\$ 81.9</u>	<u>\$ 1,021.4</u>
<b>Segment Profit as a Percentage of Net Sales</b>			
Construction & DIY	13.2%		13.5%
Security	15.5%		16.5%
Industrial	<u>16.4%</u>		<u>16.4%</u>
Segment Profit	14.6%		15.0%
Corporate Overhead	<u>-2.3%</u>		<u>-1.6%</u>
Total	<u>12.3%</u>		<u>13.4%</u>

<sup>1</sup> Merger and acquisition-related charges relate primarily to the Black & Decker merger and Nisacayah acquisition, including facility closure-related charges, integration costs and transaction costs.

<sup>2</sup> The normalized 2011 business segment information, as reconciled to GAAP, is considered relevant to aid analysis of the company's segment profit results aside from the material impact of the merger & acquisition-related charges.

<u>YEAR TO DATE 2010</u>			
	<u>Reported</u>	<u>Merger &amp; Acquisition- Related Charges<sup>3</sup></u>	<u>Normalized<sup>2</sup></u>
<b>SEGMENT PROFIT</b>			
Construction & DIY	\$ 319.1	\$ 126.1	\$ 445.2
Security	219.0	36.8	255.8
Industrial	<u>175.1</u>	<u>22.8</u>	<u>197.9</u>
Segment Profit	713.2	185.7	898.9
Corporate Overhead	<u>(183.3)</u>	<u>72.2</u>	<u>(111.1)</u>
Total	<u>\$ 529.9</u>	<u>\$ 257.9</u>	<u>\$ 787.8</u>
<b>Segment Profit as a Percentage of Net Sales</b>			
Construction & DIY	10.2%		14.3%
Security	14.1%		16.5%
Industrial	<u>13.1%</u>		<u>14.9%</u>
Segment Profit	11.9%		15.0%
Corporate Overhead	<u>-3.1%</u>		<u>-1.9%</u>
Total	<u>8.8%</u>		<u>13.1%</u>

<sup>3</sup> 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.