

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

	<u>FOURTH QUARTER</u>		<u>YEAR TO DATE</u>	
	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>
NET SALES	\$ 2,791.9	\$ 2,394.4	\$ 10,376.4	\$ 8,343.9
COSTS AND EXPENSES				
Cost of sales	1,807.0	1,527.9	6,582.9	5,409.1
Gross margin	984.9	866.5	3,793.5	2,934.8
% to Net Sales	35.3%	36.2%	36.6%	35.2%
Selling, general and administrative	680.3	615.3	2,551.9	2,153.4
% to Net sales	24.4%	25.7%	24.6%	25.8%
Operating margin	304.6	251.2	1,241.6	781.4
% to Net sales	10.9%	10.5%	12.0%	9.4%
Other - net	75.8	16.9	277.5	199.1
Restructuring charges and asset impairments	21.8	34.5	71.0	241.9
Income from operations	<u>207.0</u>	<u>199.8</u>	<u>893.1</u>	<u>340.4</u>
Interest - net	<u>30.1</u>	<u>31.2</u>	<u>113.3</u>	<u>100.6</u>
EARNINGS FROM CONTINUING OPERATIONS BEFORE INCOME TAXES	176.9	168.6	779.8	239.8
Income taxes on continuing operations	2.6	28.7	88.6	37.7
NET EARNINGS FROM CONTINUING OPERATIONS	<u>174.3</u>	<u>139.9</u>	<u>691.2</u>	<u>202.1</u>
Less: net loss attributable to non-controlling interests	<u>(0.5)</u>	<u>(0.5)</u>	<u>(0.1)</u>	<u>-</u>
NET EARNINGS FROM CONTINUING OPERATIONS ATTRIBUTABLE TO COMMON SHAREOWNERS	<u>174.8</u>	<u>140.4</u>	<u>691.3</u>	<u>202.1</u>
Net loss from discontinued operations before income taxes	(8.9)	(1.8)	(16.5)	(2.6)
Income taxes on discontinued operations	0.6	0.8	0.2	1.3
NET LOSS FROM DISCONTINUED OPERATIONS	<u>(9.5)</u>	<u>(2.6)</u>	<u>(16.7)</u>	<u>(3.9)</u>
NET EARNINGS ATTRIBUTABLE TO COMMON SHAREOWNERS	<u>\$ 165.3</u>	<u>\$ 137.8</u>	<u>\$ 674.6</u>	<u>\$ 198.2</u>
BASIC EARNINGS (LOSS) PER SHARE OF COMMON STOCK				
Continuing operations	1.07	0.84	4.16	1.37
Discontinued operations	(0.06)	(0.02)	(0.10)	(0.03)
Total basic earnings per share of common stock	<u>\$ 1.01</u>	<u>0.83</u>	<u>4.06</u>	<u>\$ 1.34</u>
DILUTED EARNINGS (LOSS) PER SHARE OF COMMON STOCK				
Continuing operations	1.05	0.83	4.06	1.35
Discontinued operations	(0.06)	(0.02)	(0.10)	(0.03)
Total diluted earnings per share of common stock	<u>0.99</u>	<u>0.81</u>	<u>3.97</u>	<u>\$ 1.32</u>
DIVIDENDS PER SHARE	<u>\$ 0.41</u>	<u>\$ 0.34</u>	<u>\$ 1.64</u>	<u>\$ 1.34</u>
AVERAGE SHARES OUTSTANDING (in thousands)				
Basic	<u>163,421</u>	<u>166,141</u>	<u>165,832</u>	<u>147,224</u>
Diluted	<u>166,993</u>	<u>169,833</u>	<u>170,105</u>	<u>150,167</u>

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

	(Unaudited)		
	December 31,	January 1,	
	2011	2011	
	<hr/>	<hr/>	
ASSETS			
Cash and cash equivalents	\$ 906.9	\$ 1,742.8	
Accounts and notes receivable, net	1,553.2	1,399.7	
Inventories, net	1,438.6	1,262.0	
Other current assets	424.0	446.7	
<i>Total current assets</i>	<hr/> 4,322.7	<hr/> 4,851.2	
Property, plant and equipment, net	1,250.9	1,156.0	
Goodwill and other intangibles, net	10,037.1	8,793.4	
Other assets	338.3	338.8	
<i>Total assets</i>	<hr/> <hr/> \$ 15,949.0	<hr/> <hr/> \$ 15,139.4	
 LIABILITIES AND SHAREOWNERS' EQUITY			
Short-term borrowings	\$ 526.6	\$ 417.7	
Accounts payable	1,312.6	990.7	
Accrued expenses	1,429.3	1,339.0	
<i>Total current liabilities</i>	<hr/> 3,268.5	<hr/> 2,747.4	
Long-term debt	2,925.8	3,018.1	
Other long-term liabilities	2,687.9	2,304.2	
Stanley Black & Decker, Inc. shareowners' equity	7,003.6	7,017.0	
Non-controlling interests' equity	63.2	52.7	
<i>Total liabilities and equity</i>	<hr/> <hr/> \$ 15,949.0	<hr/> <hr/> \$ 15,139.4	

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

	FOURTH QUARTER		YEAR TO DATE	
	2011	2010	2011	2010
OPERATING ACTIVITIES				
Net earnings from continuing operations	\$ 174.3	\$ 139.9	\$ 691.2	\$ 202.1
Net loss attributable to discontinued operations and NCI	(9.0)	(2.1)	(16.6)	(3.9)
Depreciation and amortization	112.1	109.9	410.1	348.7
Changes in working capital ¹	254.8	314.1	134.1	130.9
Other	12.0	(208.0)	(219.9)	61.5
<i>Net cash provided by operating activities</i>	544.2	353.8	998.9	739.3
INVESTING AND FINANCING ACTIVITIES				
Capital and software expenditures	(105.7)	(82.4)	(302.1)	(185.5)
Business acquisitions and asset disposals	(1.9)	(63.1)	(1,179.6)	(550.3)
Proceeds from sale of businesses	28.1	2.5	56.6	11.0
Cash acquired from Black & Decker	-	-	-	949.4
Proceeds from issuance of common stock	17.2	20.9	119.6	396.1
Proceeds from long-term borrowings	399.6	613.5	421.0	1,009.8
Payments on long-term debt	-	(313.3)	(403.2)	(515.8)
Net short-term borrowings repayments	(755.4)	(303.8)	(199.4)	(263.6)
Cash dividends on common stock	(69.3)	(56.4)	(275.9)	(201.6)
Other	(0.1)	(60.3)	(71.8)	(44.1)
<i>Net cash (used in) provided by investing and financing activities</i>	(487.5)	(242.4)	(1,834.8)	605.4
<i>Increase (decrease) in Cash and Cash Equivalents</i>	56.7	111.4	(835.9)	1,344.7
<i>Cash and Cash Equivalents, Beginning of Period</i>	850.2	1,631.4	1,742.8	398.1
<i>Cash and Cash Equivalents, End of Period</i>	\$ 906.9	\$ 1,742.8	\$ 906.9	\$ 1,742.8

¹ 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)

	FOURTH QUARTER		YEAR TO DATE	
	2011	2010	2011	2010
NET SALES				
Construction & DIY	\$ 1,323.7	\$ 1,252.4	\$ 5,236.5	\$ 4,368.2
Security	827.3	555.7	2,638.5	2,084.0
Industrial	640.9	586.3	2,501.4	1,891.7
<i>Total</i>	\$ 2,791.9	\$ 2,394.4	\$ 10,376.4	\$ 8,343.9
SEGMENT PROFIT				
Construction & DIY	\$ 164.7	\$ 139.5	\$ 681.6	\$ 458.6
Security	115.2	87.6	399.0	308.5
Industrial	97.6	85.5	406.3	259.0
<i>Segment Profit</i>	377.5	312.6	1,486.9	1,026.1
Corporate Overhead	(72.9)	(61.4)	(245.3)	(244.7)
<i>Total</i>	\$ 304.6	\$ 251.2	\$ 1,241.6	\$ 781.4
Segment Profit as a Percentage of Net Sales				
Construction & DIY	12.4%	11.1%	13.0%	10.5%
Security	13.9%	15.8%	15.1%	14.8%
Industrial	15.2%	14.6%	16.2%	13.7%
<i>Segment Profit</i>	13.5%	13.1%	14.3%	12.3%
Corporate Overhead	(2.6%)	(2.6%)	(2.3%)	(2.9%)
<i>Total</i>	10.9%	10.5%	12.0%	9.4%

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)

	FOURTH QUARTER 2011		
	Reported	Merger & Acquisition-Related Charges¹	Normalized²
Gross margin	\$ 984.9	\$ 10.3	\$ 995.2
% to Net Sales	35.3%		35.6%
Selling, general and administrative	680.3	(43.6)	636.7
% to Net Sales	24.4%		22.8%
Operating margin	304.6	53.9	358.5
% to Net Sales	10.9%		12.8%
Earnings from continuing operations before income taxes	176.9	83.7	260.5
Income taxes on continuing operations	2.6	30.8	33.4
Net earnings from continuing operations	174.8	52.8	227.6
Diluted earnings per share of common stock	\$ 1.05	\$ 0.31	\$ 1.36

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

	FOURTH QUARTER 2010		
	Reported	Merger & Acquisition-Related Charges³	Normalized²
Gross margin	\$ 866.5	\$ 10.2	\$ 876.7
% to Net Sales	36.2%		36.6%
Selling, general and administrative	615.3	(9.7)	605.6
% to Net Sales	25.7%		25.3%
Operating margin	251.2	19.9	271.1
% to Net Sales	10.5%		11.3%
Earnings from continuing operations before income taxes	168.6	38.7	207.3
Income taxes on continuing operations	28.7	(2.0)	26.7
Net earnings from continuing operations	140.4	40.7	181.1
Diluted earnings per share of common stock	\$ 0.83	\$ 0.24	\$ 1.07

² The normalized 2011 and 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.

³ Merger and acquisition-related charges relate primarily to the Black & Decker merger, including inventory step-up, 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 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 Charges¹	Normalized²
Gross margin	\$ 3,793.5	\$ 36.8	\$ 3,830.3
% to Net Sales	36.6%		36.9%
Selling, general and administrative	2,551.9	(99.2)	2,452.7
% to Net Sales	24.6%		23.6%
Operating margin	1,241.6	136.0	1,377.6
% to Net Sales	12.0%		13.3%
Earnings from continuing operations before income taxes	779.8	255.9	1,035.7
Income taxes on continuing operations	88.6	56.3	144.9
Net earnings from continuing operations	691.3	199.6	890.9
Diluted earnings per share of common stock	\$ 4.06	\$ 1.18	\$ 5.24

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

	YEAR TO DATE 2010		
	Reported	Merger & Acquisition-Related Charges³	Normalized²
Gross margin	\$ 2,934.8	\$ 195.4	\$ 3,130.2
% to Net Sales	35.2%		37.5%
Selling, general and administrative	2,153.4	(82.4)	2,071.0
% to Net Sales	25.8%		24.8%
Operating margin	781.4	277.8	1,059.2
% to Net Sales	9.4%		12.7%
Earnings from continuing operations before income taxes	239.8	538.4	778.2
Income taxes on continuing operations	37.7	117.3	155.0
Net earnings from continuing operations	202.1	421.1	623.2
Diluted earnings per share of common stock	\$ 1.35	\$ 2.80	\$ 4.15

² The normalized 2011 and 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.

³ Merger and acquisition-related charges relate primarily to the Black & Decker merger, including inventory step-up, 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)

	FOURTH QUARTER 2011		
	Reported	Merger & Acquisition- Related Charges and Payments¹	Normalized²
Net cash provided by operating activities	544.2	71.6	615.8
<u>Free Cash Flow Computation³</u>			
Operating Cash Inflow	\$ 544.2		\$ 615.8
Less: capital and software expenditures	(105.7)	52.3	(53.4)
Free Cash Inflow (before dividends)	\$ 438.5		\$ 562.4

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

	FOURTH QUARTER 2010		
	Reported	Merger & Acquisition- Related Charges and Payments⁴	Normalized²
Net cash provided by operating activities	353.8	179.8	533.6
<u>Free Cash Flow Computation³</u>			
Operating Cash Inflow	\$ 353.8		\$ 533.6
Less: capital and software expenditures	(82.4)	-	(82.4)
Free Cash Inflow (before dividends)	\$ 271.4		\$ 451.2

^{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 merger and acquisition-related activities.

⁴ Merger and acquisition-related charges relate primarily to the Black & Decker merger, including inventory step-up, 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)

	YEAR TO DATE 2011		
	Reported	Merger & Acquisition-Related Charges and Payments¹	Normalized²
Net cash provided by operating activities	998.9	218.4	1,217.3
<u>Free Cash Flow Computation³</u>			
Operating Cash Inflow	\$ 998.9		\$ 1,217.3
Less: capital and software expenditures	(302.1)	88.6	(213.5)
Free Cash Inflow (before dividends)	<u>\$ 696.8</u>		<u>\$ 1,003.8</u>

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

	YEAR TO DATE 2010		
	Reported	Merger & Acquisition-Related Charges and Payments⁴	Normalized²
Net cash provided by operating activities	739.3	381.6	1,120.9
<u>Free Cash Flow Computation³</u>			
Operating Cash Inflow	\$ 739.3		\$ 1,120.9
Less: capital and software expenditures	(185.5)	-	(185.5)
Free Cash Inflow (before dividends)	<u>\$ 553.8</u>		<u>\$ 935.4</u>

^{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 merger and acquisition related activities.

⁴ Merger and acquisition-related charges relate primarily to the Black & Decker merger, including inventory step-up, 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 SEGMENT PROFIT FINANCIAL MEASURES TO CORRESPONDING
NON-GAAP FINANCIAL MEASURES
(Unaudited, Millions of Dollars)

FOURTH QUARTER 2011

SEGMENT PROFIT	Reported	Merger & Acquisition- Related Charges¹	Normalized²
Construction & DIY	\$ 164.7	\$ 6.5	\$ 171.2
Security	115.2	13.9	129.1
Industrial	97.6	8.6	106.2
<i>Segment Profit</i>	377.5	29.0	406.5
Corporate Overhead	(72.9)	24.9	(48.0)
<i>Total</i>	<u>\$ 304.6</u>	<u>\$ 53.9</u>	<u>\$ 358.5</u>
<i>Segment Profit as a Percentage of Net Sales</i>			
Construction & DIY	12.4%		12.9%
Security	13.9%		15.6%
Industrial	15.2%		16.6%
<i>Segment Profit</i>	13.5%		14.6%
Corporate Overhead	(2.6%)		(1.8%)
<i>Total</i>	<u>10.9%</u>		<u>12.8%</u>

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

FOURTH QUARTER 2010

SEGMENT PROFIT	Reported	Merger & Acquisition- Related Charges³	Normalized²
Construction & DIY	\$ 139.5	\$ 0.5	\$ 140.0
Security	87.6	6.6	94.2
Industrial	85.5	4.1	89.6
<i>Segment Profit</i>	312.6	11.2	323.8
Corporate Overhead	(61.4)	8.7	(52.7)
<i>Total</i>	<u>\$ 251.2</u>	<u>\$ 19.9</u>	<u>\$ 271.1</u>
<i>Segment Profit as a Percentage of Net Sales</i>			
Construction & DIY	11.1%		11.2%
Security	15.8%		17.0%
Industrial	14.6%		15.3%
<i>Segment Profit</i>	13.1%		13.5%
Corporate Overhead	(2.6%)		(2.2%)
<i>Total</i>	<u>10.5%</u>		<u>11.3%</u>

² The normalized 2011 and 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 and acquisition-related charges.

³ Merger and acquisition-related charges relate primarily to the Black & Decker merger, including inventory step-up, 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 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	\$ 681.6	\$ 19.8	\$ 701.4
Security	399.0	31.6	430.6
Industrial	406.3	9.4	415.7
<i>Segment Profit</i>	1,486.9	60.8	1,547.7
Corporate Overhead	(245.3)	75.2	(170.1)
<i>Total</i>	\$ 1,241.6	\$ 136.0	\$ 1,377.6
 <i>Segment Profit as a Percentage of Net Sales</i>			
Construction & DIY	13.0%		13.4%
Security	15.1%		16.3%
Industrial	16.2%		16.6%
<i>Segment Profit</i>	14.3%		14.9%
Corporate Overhead	(2.3%)		(1.6%)
<i>Total</i>	12.0%		13.3%

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

YEAR TO DATE 2010			
	Reported	Merger & Acquisition- Related Charges ³	Normalized ²
SEGMENT PROFIT			
Construction & DIY	\$ 458.6	\$ 126.6	\$ 585.2
Security	308.5	43.2	351.7
Industrial	259.0	26.6	285.6
<i>Segment Profit</i>	1,026.1	196.4	1,222.5
Corporate Overhead	(244.7)	81.4	(163.3)
<i>Total</i>	\$ 781.4	\$ 277.8	\$ 1,059.2
 <i>Segment Profit as a Percentage of Net Sales</i>			
Construction & DIY	10.5%		13.4%
Security	14.8%		16.9%
Industrial	13.7%		15.1%
<i>Segment Profit</i>	12.3%		14.7%
Corporate Overhead	(2.9%)		(2.0%)
<i>Total</i>	9.4%		12.7%

² The normalized 2011 and 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.

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