

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

	<u>SECOND QUARTER</u>		<u>YEAR TO DATE</u>	
	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>
NET SALES	\$ 2,814.2	\$ 2,603.3	\$ 5,467.1	\$ 4,964.8
COSTS AND EXPENSES				
Cost of sales	1,791.8	1,640.4	3,458.7	3,124.5
Gross margin	1,022.4	962.9	2,008.4	1,840.3
% to Net Sales	36.3%	37.0%	36.7%	37.1%
Selling, general and administrative	670.0	630.2	1,349.0	1,231.9
% to Net sales	23.8%	24.2%	24.7%	24.8%
Operating margin	352.4	332.7	659.4	608.4
% to Net sales	12.5%	12.8%	12.1%	12.3%
Other - net	91.0	59.6	171.7	112.1
Restructuring charges	23.3	21.0	60.7	34.3
Income from operations	238.1	252.1	427.0	462.0
Interest - net	32.3	26.8	63.5	56.4
EARNINGS FROM CONTINUING OPERATIONS BEFORE INCOME TAXES	205.8	225.3	363.5	405.6
Income taxes on continuing operations	51.3	27.7	87.9	50.9
NET EARNINGS FROM CONTINUING OPERATIONS	154.5	197.6	275.6	354.7
Less: net loss attributable to non-controlling interests	(0.3)	-	(1.0)	(0.3)
NET EARNINGS FROM CONTINUING OPERATIONS ATTRIBUTABLE TO COMMON SHAREOWNERS	154.8	197.6	276.6	355.0
Net (loss) earnings from discontinued operations before income taxes	-	(0.1)	-	1.1
Income taxes on discontinued operations	-	0.2	-	0.1
NET (LOSS) EARNINGS FROM DISCONTINUED OPERATIONS	-	(0.3)	-	1.0
NET EARNINGS ATTRIBUTABLE TO COMMON SHAREOWNERS	<u>\$ 154.8</u>	<u>\$ 197.3</u>	<u>\$ 276.6</u>	<u>\$ 356.0</u>
BASIC EARNINGS PER SHARE OF COMMON STOCK				
Continuing operations	\$ 0.94	\$ 1.17	\$ 1.68	\$ 2.11
Discontinued operations	-	-	-	0.01
Total basic earnings per share of common stock	<u>\$ 0.94</u>	<u>\$ 1.17</u>	<u>\$ 1.68</u>	<u>\$ 2.12</u>
DILUTED EARNINGS PER SHARE OF COMMON STOCK				
Continuing operations	\$ 0.92	\$ 1.14	\$ 1.64	\$ 2.06
Discontinued operations	-	-	-	0.01
Total diluted earnings per share of common stock	<u>\$ 0.92</u>	<u>\$ 1.14</u>	<u>\$ 1.64</u>	<u>\$ 2.06</u>
DIVIDENDS PER SHARE	<u>\$ 0.41</u>	<u>\$ 0.41</u>	<u>\$ 0.82</u>	<u>\$ 0.82</u>
AVERAGE SHARES OUTSTANDING (in thousands)				
Basic	164,082	168,119	164,162	167,679
Diluted	<u>167,921</u>	<u>173,075</u>	<u>168,158</u>	<u>172,429</u>

STANLEY BLACK & DECKER, INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS

(Millions of Dollars)

	(Unaudited) June 30, 2012	December 31, 2011
	<u> </u>	<u> </u>
ASSETS		
Cash and cash equivalents	\$ 577.8	\$ 906.9
Accounts and notes receivable, net	1,675.8	1,553.2
Inventories, net	1,574.9	1,438.6
Other current assets	477.3	424.0
<i>Total current assets</i>	<u>4,305.8</u>	<u>4,322.7</u>
Property, plant and equipment, net	1,295.2	1,250.9
Goodwill and other intangibles, net	10,447.0	10,037.1
Other assets	302.4	338.3
<i>Total assets</i>	<u>\$ 16,350.4</u>	<u>\$ 15,949.0</u>
 LIABILITIES AND SHAREOWNERS' EQUITY		
Short-term borrowings	\$ 1,005.5	\$ 526.6
Accounts payable	1,437.0	1,312.6
Accrued expenses	1,328.6	1,429.3
<i>Total current liabilities</i>	<u>3,771.1</u>	<u>3,268.5</u>
Long-term debt	2,924.5	2,925.8
Other long-term liabilities	2,762.6	2,687.9
Stanley Black & Decker, Inc. shareowners' equity	6,844.4	7,003.6
Non-controlling interests' equity	47.8	63.2
<i>Total liabilities and equity</i>	<u>\$ 16,350.4</u>	<u>\$ 15,949.0</u>

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

	SECOND QUARTER		YEAR TO DATE	
	2012	2011	2012	2011
OPERATING ACTIVITIES				
Net earnings from continuing operations	\$ 154.5	\$ 197.6	\$ 275.6	\$ 354.7
Depreciation and amortization	109.0	93.8	224.8	197.7
Changes in working capital ¹	40.2	(17.8)	(112.0)	(58.2)
Other	(4.5)	(94.2)	(121.5)	(194.5)
<i>Net cash provided by operating activities</i>	299.2	179.4	266.9	299.7
INVESTING AND FINANCING ACTIVITIES				
Capital and software expenditures	(109.0)	(67.9)	(170.5)	(138.0)
Business acquisitions	(474.0)	(96.3)	(588.7)	(164.6)
Proceeds from sale of assets/businesses	4.4	2.2	6.3	26.0
Proceeds from issuance of common stock	10.9	30.0	75.5	85.4
Net short-term borrowings	592.1	483.4	788.9	624.8
Cash dividends on common stock	(68.9)	(68.9)	(138.8)	(137.5)
Payments on long-term debt	(320.8)	(400.9)	(321.1)	(401.4)
Purchase of common stock for treasury	(206.9)	(5.4)	(217.8)	(6.1)
Other	(32.8)	(22.0)	(29.8)	(16.7)
<i>Net cash used in investing and financing activities</i>	(605.0)	(145.8)	(596.0)	(128.1)
<i>(Decrease) Increase in Cash and Cash Equivalents</i>	(305.8)	33.6	(329.1)	171.6
<i>Cash and Cash Equivalents, Beginning of Period</i>	883.6	1,880.8	906.9	1,742.8
<i>Cash and Cash Equivalents, End of Period</i>	\$ 577.8	\$ 1,914.4	\$ 577.8	\$ 1,914.4

¹ The change in working capital is comprised of accounts receivable, inventory, accounts payable and deferred revenue.

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

	SECOND QUARTER		YEAR TO DATE	
	2012	2011	2012	2011
NET SALES				
Construction & DIY	\$ 1,387.2	\$ 1,364.4	\$ 2,615.4	\$ 2,575.2
Security	792.3	613.2	1,555.0	1,163.0
Industrial	634.7	625.7	1,296.7	1,226.6
<i>Total</i>	\$ 2,814.2	\$ 2,603.3	\$ 5,467.1	\$ 4,964.8
SEGMENT PROFIT				
Construction & DIY	\$ 206.6	\$ 190.6	\$ 364.3	\$ 347.1
Security	107.4	103.1	199.0	176.5
Industrial	94.9	96.8	219.0	201.9
<i>Segment Profit</i>	408.9	390.5	782.3	725.5
Corporate Overhead	(56.5)	(57.8)	(122.9)	(117.1)
<i>Total</i>	\$ 352.4	\$ 332.7	\$ 659.4	\$ 608.4
Segment Profit as a Percentage of Net Sales				
Construction & DIY	14.9%	14.0%	13.9%	13.5%
Security	13.6%	16.8%	12.8%	15.2%
Industrial	15.0%	15.5%	16.9%	16.5%
<i>Segment Profit</i>	14.5%	15.0%	14.3%	14.6%
Corporate Overhead	(2.1%)	(2.2%)	(2.3%)	(2.4%)
<i>Total</i>	12.5%	12.8%	12.1%	12.3%

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 2012		
	Reported	Merger & Acquisition-Related Charges¹	Normalized²
Gross margin	\$ 1,022.4	\$ 8.8	\$ 1,031.2
<i>% to Net Sales</i>	<i>36.3%</i>		<i>36.6%</i>
Selling, general and administrative	670.0	(34.5)	635.5
<i>% to Net Sales</i>	<i>23.8%</i>		<i>22.6%</i>
Operating margin	352.4	43.3	395.7
<i>% to Net Sales</i>	<i>12.5%</i>		<i>14.1%</i>
Earnings from continuing operations before income taxes	205.8	80.0	285.8
Income taxes on continuing operations	51.3	12.9	64.2
Net earnings from continuing operations	154.8	67.1	221.9
Diluted earnings per share of common stock	\$ 0.92	\$ 0.40	\$ 1.32

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

	SECOND QUARTER 2011		
	Reported	Merger & Acquisition-Related Charges³	Normalized²
Gross margin	\$ 962.9	\$ 4.8	\$ 967.7
<i>% to Net Sales</i>	<i>37.0%</i>		<i>37.2%</i>
Selling, general and administrative	630.2	(18.2)	612.0
<i>% to Net Sales</i>	<i>24.2%</i>		<i>23.5%</i>
Operating margin	332.7	23.0	355.7
<i>% to Net Sales</i>	<i>12.8%</i>		<i>13.7%</i>
Earnings from continuing operations before income taxes	225.3	49.5	274.8
Income taxes on continuing operations	27.7	(5.8)	21.9
Net earnings from continuing operations	197.6	55.3	252.9
Diluted earnings per share of common stock	\$ 1.14	\$ 0.32	\$ 1.46

² The normalized 2012 and 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.

³ Merger and acquisition-related charges relate primarily to the Black & Decker merger, including facility closure-related charges 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 2012		
	Reported	Merger & Acquisition-Related Charges¹	Normalized²
Gross margin	\$ 2,008.4	\$ 14.2	\$ 2,022.6
<i>% to Net Sales</i>	<i>36.7%</i>		<i>37.0%</i>
Selling, general and administrative	1,349.0	(62.3)	1,286.7
<i>% to Net Sales</i>	<i>24.7%</i>		<i>23.5%</i>
Operating margin	659.4	76.5	735.9
<i>% to Net Sales</i>	<i>12.1%</i>		<i>13.5%</i>
Earnings from continuing operations before income taxes	363.5	162.7	526.2
Income taxes on continuing operations	87.9	34.1	122.0
Net earnings from continuing operations	276.6	128.6	405.2
Diluted earnings per share of common stock	\$ 1.64	\$ 0.77	\$ 2.41

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

	YEAR TO DATE 2011		
	Reported	Merger & Acquisition-Related Charges³	Normalized²
Gross margin	\$ 1,840.3	\$ 11.1	\$ 1,851.4
<i>% to Net Sales</i>	<i>37.1%</i>		<i>37.3%</i>
Selling, general and administrative	1,231.9	(33.8)	1,198.1
<i>% to Net Sales</i>	<i>24.8%</i>		<i>24.1%</i>
Operating margin	608.4	44.9	653.3
<i>% to Net Sales</i>	<i>12.3%</i>		<i>13.2%</i>
Earnings from continuing operations before income taxes	405.6	86.8	492.4
Income taxes on continuing operations	50.9	3.5	54.4
Net earnings from continuing operations	355.0	83.3	438.3
Diluted earnings per share of common stock	\$ 2.06	\$ 0.49	\$ 2.55

² The normalized 2012 and 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.

³ Merger and acquisition-related charges relate primarily to the Black & Decker merger, including facility closure-related charges 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)

	SECOND QUARTER 2012		
	Reported	Merger & Acquisition-Related Charges and Payments¹	Normalized²
<u>Free Cash Flow Computation³</u>			
Net cash provided by operating activities	\$ 299.2	\$ 67.1	\$ 366.3
Less: capital and software expenditures	(109.0)	45.2	(63.8)
Free Cash Inflow (before dividends)	\$ 190.2		\$ 302.5

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.

	SECOND QUARTER 2011		
	Reported	Merger & Acquisition-Related Charges and Payments⁴	Normalized²
<u>Free Cash Flow Computation³</u>			
Net cash provided by operating activities	\$ 179.4	33.8	\$ 213.2
Less: capital and software expenditures	(67.9)	13.8	(54.1)
Free Cash Inflow (before dividends)	\$ 111.5		\$ 159.1

^{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 merger and acquisition-related activities.

⁴ Merger and acquisition-related charges relate primarily to the Black & Decker merger, including facility closure-related charges 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 2012		
	Reported	Merger & Acquisition- Related Charges and Payments ¹	Normalized ²
<u>Free Cash Flow Computation</u> ³			
Net cash provided by operating activities	\$ 266.9	128.7	\$ 395.6
Less: capital and software expenditures	(170.5)	68.8	(101.7)
Free Cash Inflow (before dividends)	\$ 96.4		\$ 293.9

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 2011		
	Reported	Merger & Acquisition- Related Charges and Payments ⁴	Normalized ²
<u>Free Cash Flow Computation</u> ³			
Net cash provided by operating activities	\$ 299.7	44.9	\$ 344.6
Less: capital and software expenditures	(138.0)	30.7	(107.3)
Free Cash Inflow (before dividends)	\$ 161.7		\$ 237.3

^{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 merger and acquisition-related activities.

⁴ Merger and acquisition-related charges relate primarily to the Black & Decker merger, including facility closure-related charges 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 2012				
	Reported	Merger & Acquisition- Related Charges ¹	Normalized ²	
SEGMENT PROFIT				
Construction & DIY	\$ 206.6	\$ 10.5	\$ 217.1	
Security	107.4	14.1	121.5	
Industrial	94.9	1.0	95.9	
<i>Segment Profit</i>	408.9	25.6	434.5	
Corporate Overhead	(56.5)	17.7	(38.8)	
<i>Total</i>	\$ 352.4	\$ 43.3	\$ 395.7	
 <i>Segment Profit as a Percentage of Net Sales</i>				
Construction & DIY	14.9%		15.7%	
Security	13.6%		15.3%	
Industrial	15.0%		15.1%	
<i>Segment Profit</i>	14.5%		15.4%	
Corporate Overhead	(2.1%)		(1.4%)	
<i>Total</i>	12.5%		14.1%	

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.

SECOND QUARTER 2011				
	Reported	Merger & Acquisition- Related Charges ³	Normalized ²	
SEGMENT PROFIT				
Construction & DIY	\$ 190.6	\$ 4.2	\$ 194.8	
Security	103.1	2.1	105.2	
Industrial	96.8	0.3	97.1	
<i>Segment Profit</i>	390.5	6.6	397.1	
Corporate Overhead	(57.8)	16.4	(41.4)	
<i>Total</i>	\$ 332.7	\$ 23.0	\$ 355.7	
 <i>Segment Profit as a Percentage of Net Sales</i>				
Construction & DIY	14.0%		14.3%	
Security	16.8%		17.2%	
Industrial	15.5%		15.5%	
<i>Segment Profit</i>	15.0%		15.3%	
Corporate Overhead	(2.2%)		(1.6%)	
<i>Total</i>	12.8%		13.7%	

² The normalized 2012 and 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 and acquisition-related charges.

³ Merger and acquisition-related charges relate primarily to the Black & Decker merger, including facility closure-related charges 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 2012</u>		
	<u>Reported</u>	<u>Merger & Acquisition-Related Charges¹</u>	<u>Normalized²</u>
SEGMENT PROFIT			
Construction & DIY	\$ 364.3	\$ 13.8	\$ 378.1
Security	199.0	24.5	223.5
Industrial	219.0	3.0	222.0
<i>Segment Profit</i>	<u>782.3</u>	<u>41.3</u>	<u>823.6</u>
Corporate Overhead	(122.9)	35.2	(87.7)
<i>Total</i>	<u>\$ 659.4</u>	<u>\$ 76.5</u>	<u>\$ 735.9</u>
 <i>Segment Profit as a Percentage of Net Sales</i>			
Construction & DIY	13.9%		14.5%
Security	12.8%		14.4%
Industrial	16.9%		17.1%
<i>Segment Profit</i>	<u>14.3%</u>		<u>15.1%</u>
Corporate Overhead	(2.3%)		(1.6%)
<i>Total</i>	<u>12.1%</u>		<u>13.5%</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.

	<u>YEAR TO DATE 2011</u>		
	<u>Reported</u>	<u>Merger & Acquisition-Related Charges³</u>	<u>Normalized²</u>
SEGMENT PROFIT			
Construction & DIY	\$ 347.1	\$ 6.6	\$ 353.7
Security	176.5	6.6	183.1
Industrial	201.9	0.3	202.2
<i>Segment Profit</i>	<u>725.5</u>	<u>13.5</u>	<u>739.0</u>
Corporate Overhead	(117.1)	31.4	(85.7)
<i>Total</i>	<u>\$ 608.4</u>	<u>\$ 44.9</u>	<u>\$ 653.3</u>
 <i>Segment Profit as a Percentage of Net Sales</i>			
Construction & DIY	13.5%		13.7%
Security	15.2%		15.7%
Industrial	16.5%		16.5%
<i>Segment Profit</i>	<u>14.6%</u>		<u>14.9%</u>
Corporate Overhead	(2.4%)		(1.7%)
<i>Total</i>	<u>12.3%</u>		<u>13.2%</u>

² The normalized 2012 and 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 and acquisition-related charges.

³ Merger and acquisition-related charges relate primarily to the Black & Decker merger, including facility closure-related charges and integration costs.