Stanley Black & Decker

2013 Investor Day

Financials & Roadmap To 2016/2017

Don Allan

SVP & CFO

Stanley Black & Decker Reiteration Of 2013 Outlook

16-21% EPS Growth On 2-3% Increase In Organic Sales

The Company Expects 2013 EPS To Be In The Range Of $5.40–5.65* Based On The Following Assumptions

- Organic Net Sales To Increase 2-3% From 2012 Driving $0.00 - $0.15 Of EPS Accretion
  - Core Business Expected To Grow 1-2% ($0.15 - $0.30)
  - Organic Growth Initiatives To Yield 1 Point Of Growth But Will Be ~ $0.15 Dilutive To EPS
- $50M In Final BDK Cost Synergies ~$0.23 & Carryover From ’12 Cost Reduction Actions With Pre-tax Benefits Totaling ~$30M ($0.15)
- ~$0.20 Of EPS Accretion From Infastech Acquisition
- ~$0.37 Benefit From $850M In Share Repurchases Connected To HHI Divestiture
- The Combination Of Any FX Impact (At Current Rates), Price/Inflation, Negative Carryover Business Mix Impact And The Small Acquisitions From 2012 Will Be Neutral
- Niscayah Cost Synergies To Be $50M, $15M Increase Offsets Volume & Rate Pressure In CSS

The Following Additional Changes Offset Each Other For A Neutral Impact:

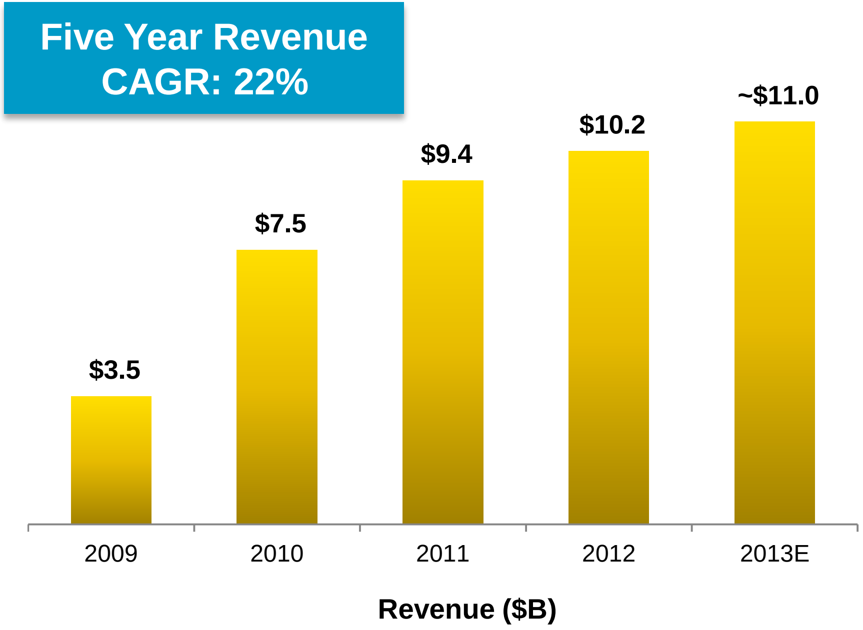
- YOY Changes In Interest/Other-net Will Approximate A $0.05 Headwind, Down From $0.10.
  - Other-net To Be Flat To ‘12 (~$250M)
  - Interest Expense Is Still Expected To Be $145M, $10M Higher VPY
- The Tax Rate Will Be Low End Of The Previously Anticipated Range Of 23-24%, Creating A $0.20-$0.25 Headwind When Compared To The 2012 Rate Of 19.8%. (Vs. Original Headwind Range Of $0.20 - $0.30)
- Average Share Count For 2013 To Be 158.5 From The Original Estimate Of 155.9 Million Shares.

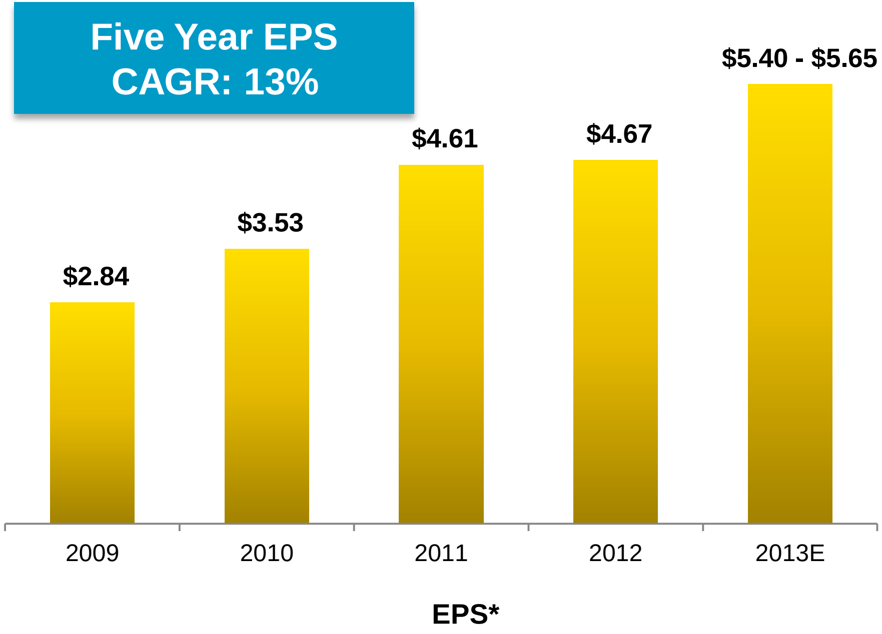
*Free Cash Flow To Approximate $1.0B**

*Excludes M&A Charges/Payments

Revenue & EPS: Historical & Projected Performance

Merger With Black & Decker Drove Step Function Increase In Size



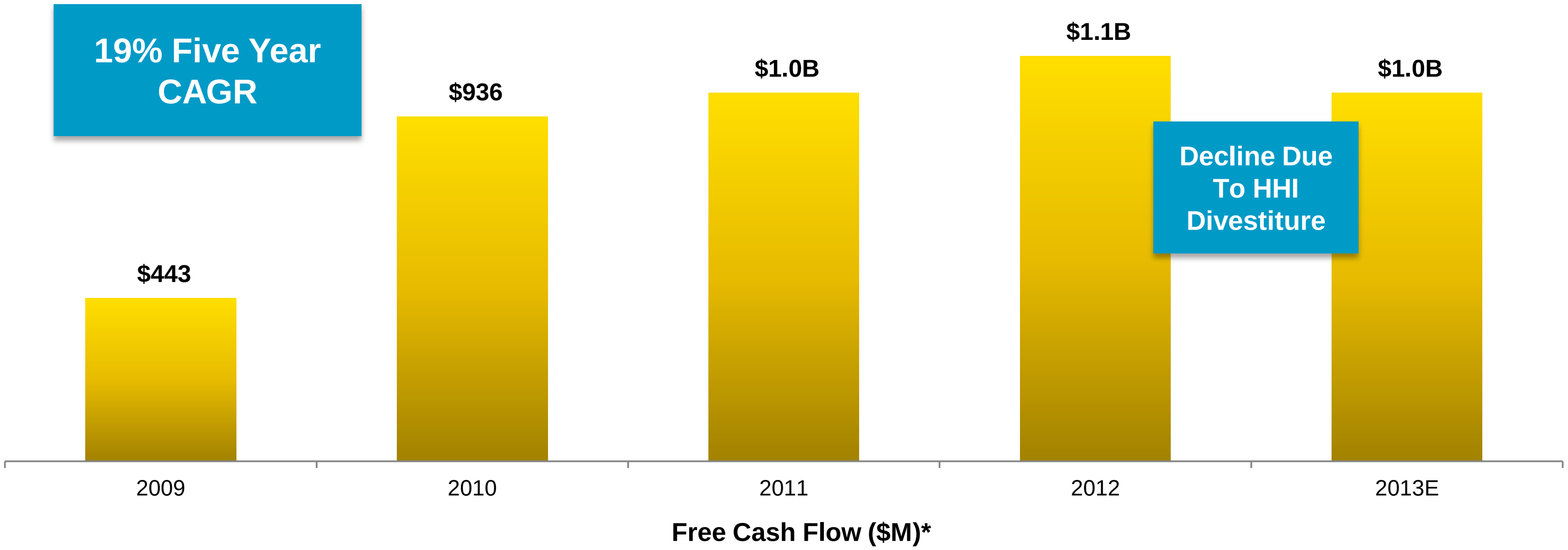


Solid EPS Growth Track Record… $5.40 – $5.65 EPS Guided For 2013

Reflects Continuing Operations Only
*Excludes M&A Charges & Payments

Free Cash Flow: Historical & Projected Performance

Achievement Of $1B In FCF After First Full Year As Combined Company…



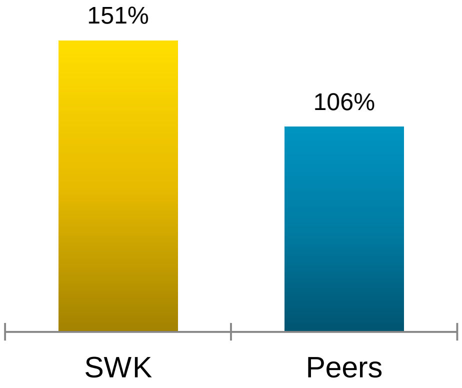
…Far Outpacing Original Goals

*Excludes M&A Charges & Payments

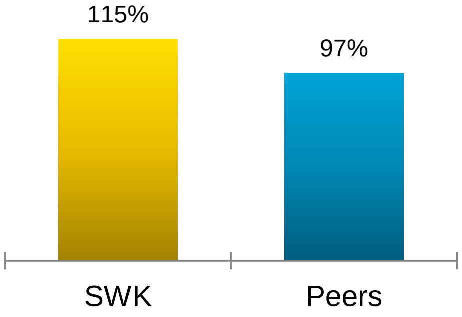
Core Conversion: FCF Conversion Vs. Peers

Free Cash Flow Conversion Outperformance Versus Our Peers…

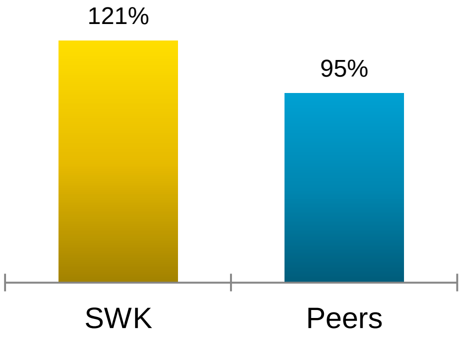
2010



2011



2012



Peers: DHR, DOV, ETN, EMR, ITW, IR, JAH, MAS, NWL, PH, SHW, SPX, TXT, TYC, GWW, WHR

…Driven By Execution Focus

StanleyBlack&Decker

FCF Conversion Defined As (Cash– CapEx)/Net Income
NI & Cash From Operations Are Adjusted For M&A Charges/Paymentts/ SWK 2012 NI Excludes Gain On Sale Of HHI Source: Company Filings, FactSet, Deutsche Bank

Balance Sheet

Modest Deleveraging Is Expected In 2013…

	2011 Actual	2012 Actual
Free Cash Flow ($M)*	$1,004	$1,059
Debt/EBITDA	2.5x	2.3x
Adjusted Debt/Capital	31%	30%

Debt To EBITDA Goal = Between 2.0X – 2.25X

SWK CREDIT RATING:

S&P: A

Moody's: Baa1

Fitch: A-

…With The Goal Of Maintaining Strong Investment Grade Credit Rating From All Three Agencies

*Excluding M&A Charges/Payments
Adjusted Debt To Capital Includes Rating Agency Equity Credit For Debt

Long-Term Capital Allocation Strategy

Maintain A Hybrid Model…

Updating Capital Allocation To Be In Line With History

- Since 2003, SWK Has Returned 56% Of Its FCF Including Charges & 45% Of Normalized FCF To Shareholders
- **To Reflect Our Belief This Will Continue, Our Long-Term Capital Allocation Strategy Is To Return Approximately 50% Of Free Cash Flow To Shareholders**, As Opposed To 1/3
- The Remainder Of The Free Cash Flow Will Be Deployed Towards Acquisitions

Dividend Policy

- Committed To Continued Dividend Growth
- Target Yield : Premium To The S&P 500 Yield
- Target Payout Ratio: 30 -35%

Overseas Cash Dynamic

- 80% Of Cash Flow Generated Overseas
- Ability To Service & Increase Dividend In Near & Intermediate Term, But Limited Ability To Repurchase Shares
- Management Assessing Strategic Options If No Pending Corporate Tax Reform

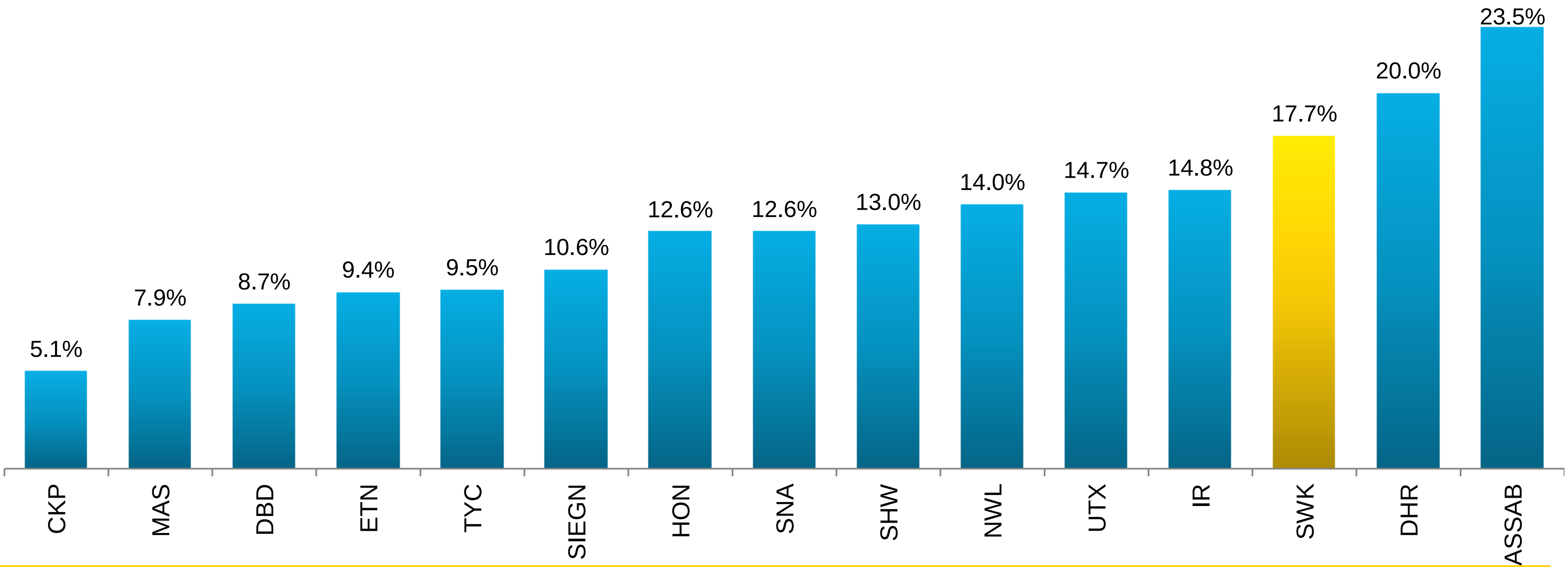
A Hybrid Approach

- Hybrid Approach To Capital Allocation: A Growth Company That Returns A Large % Of Its FCF To Shareholders In Form Of Dividends & Share Repurchases

…A Growth Company That Returns Approximately 50% Of Its Free Cash Flow To Shareholders

2012 Adjusted Return On Invested Capital

One Way To Look At Returns Is Adjusted Return On Invested Capital…



…However, The Exclusion Of Goodwill From The Capital Base Doesn't Offer The Whole Picture

Adjusted **ROIC = Adjusted operating profit / Adjusted invested capital**
Adjusted operating profit = (Net operating profit + depreciation exp. + rent exp. + R&D Exp.) x (1 – corporate tax rate) **Adjusted invested capital** = Total assets + accumulated depreciation of PP&E + capitalized leases (rent exp. x 8) + capitalized R&D (R&D exp. x 5) – non financial current liabilities – goodwill and intangibles (Source For Data: CapitalIQ)

A New Approach To Returns: CFROI

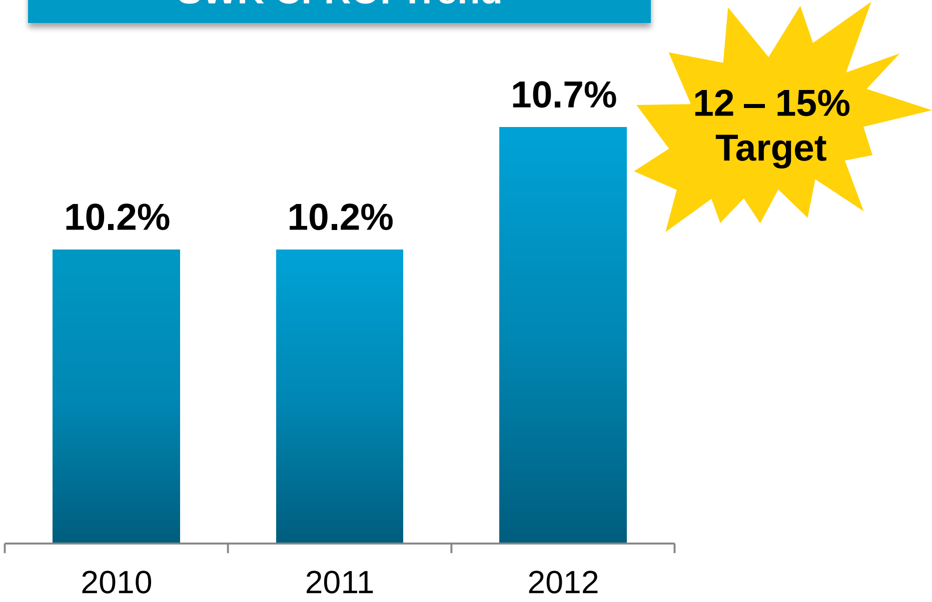
Why CFROI?

Definition:

$$\frac{\text{(Cash From Operations – CapEx)}}{\text{Year End Capital (Debt + Equity – Cash)}}$$

- ROCE Does Not Illustrate Full Cash Flow Power Of The Company
  - Diluted By Large Amount Of Intangible Amortization (~$1.00 EPS)
- Cash Based Measure Of Value Creation
- Ties Our Strategic Focus To Returns
  - SFS & Organic Growth
  - Structured Targets For Acquisition

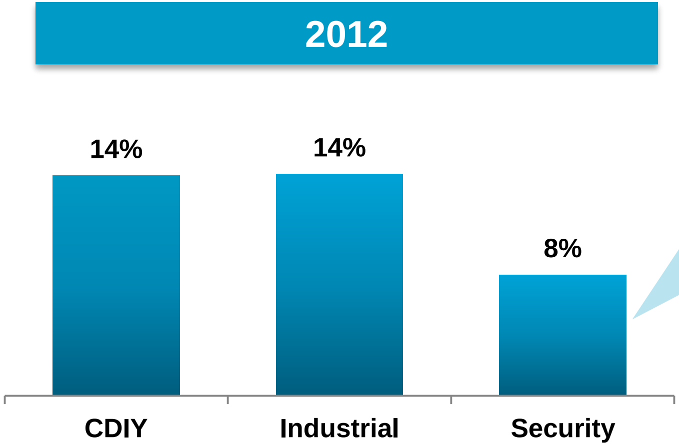
SWK CFROI Trend



Focused On Building Long-Term Shareholder Value

CFROI Segment View

Successful Completion Of BDK Integration Translates Into CDIY & Industrial Returns…



2pt Acquisition Impact

Legacy CSS & MAS Delivering Double Digit Returns

Financial Acquisition Hurdles

	Long-Term Target	Strategic Platform	Bolt-Ons
CFROI	Years 3-5	12-15%	17%+

…While Opportunity Remains To Fully Leverage Niscayah & Healthcare Investments

2016/2017 CFROI: How Do We Achieve 12-15%?

Our Long-Term Goal Is To Attain A CFROI Between 12-15%…

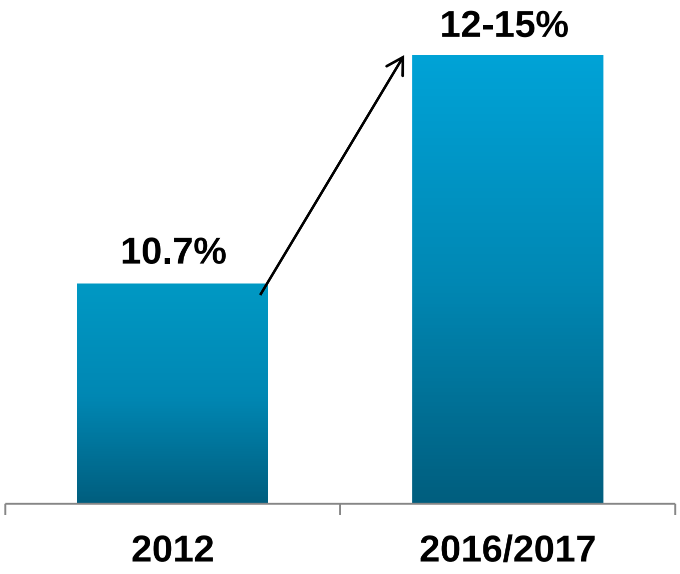
Path To 2016/2017 Goal

+ 5% Organic Growth

+ 200+ bps Improvement In OM%

+ WCT Improvement (+0.5 WCT/Year)

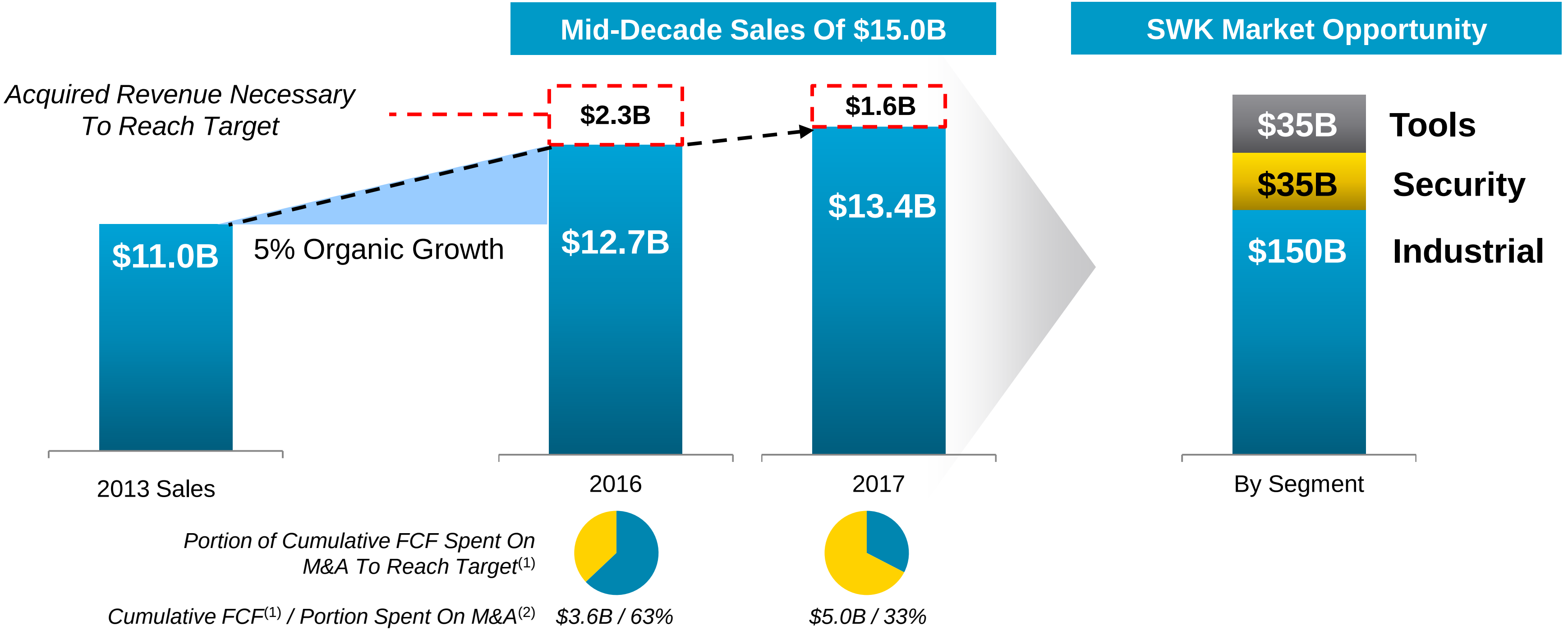
- Partially Offset By Modest Dilution From New Acquisitions



…Well Above Our 9% Cost Of Capital

Road Map To 2016/2017 Revenue Target

Achieving $15B Revenue Target By 2016/2017 Will Require Growth From M&A



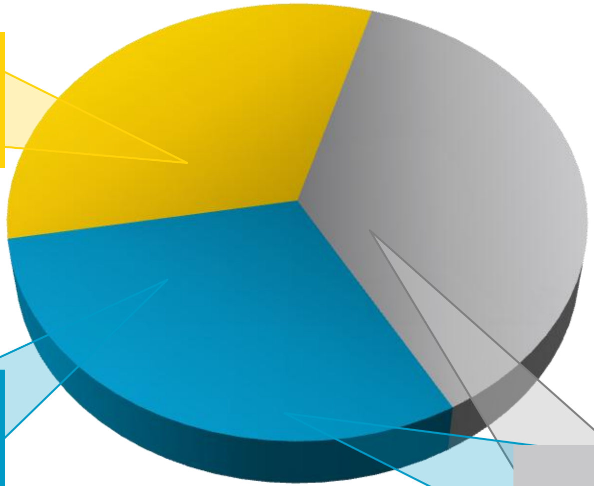
(1) Cumulative From 2014 Through Respective Year.
(2) Assumes Revenue Acquired At 1.0x Multiple.

2016/2017 Vision

2016/2017: A More Diversified Portfolio

Revenues: $15B

- >20% From Emerging Markets
- 10 Working Capital Turns
- >15% Operating Margin
- 12-15% CFROI



Continued Journey To Building A Global Industrial Leader