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PRESENTATION

Greg Waybright *- Stanley Black & Decker, Inc. - VP, Investor & Government Relations*

Good morning and welcome to Stanley Black & Decker's 2015 Investor Day. I am Greg Waybright, Stanley Black & Decker's Vice President of Investor and Government Relations. And we thank you for taking the time to join us in person or listen in via our webcast.

Today you will hear various corporate and business unit leaders address a number of important topics relating to the direction of this Company. A number of the points we will cover today reflect the feedback and questions from many of you.

We are holding this meeting at the heart of our Tools & Storage platform and in this room are many of the innovative and brand-rich products relating to this business. In addition to Tools & Storage we also have product displays relating to our emerging markets and the other two businesses featured today, engineered fastenings and security.

Before we get too far along, and as I'm obligated to do, I will remind you of our cautionary statements relating to these presentations.

And on a more logistical note Lisa Gonzales, who you met when you checked in, will be available at the front desk to assist you with any admin type matters you may have.

So what will you here today? One, we will provide you with an update on our long-term strategy, what's next for us and where we're heading. What our financial objectives are, what is our financial roadmap for the next three years plus how we're going to leverage SFS to enhance our culture of organic growth.

Two, you will hear about our views in our security business not only from a portfolio perspective but how we plan to improve the performance of this important segment of the Company. We will then provide an update on our Engineered Fastening business as well as a review of our plans to continue to grow within the emerging markets at above market rates which we hope leaves you with a good sense of how we are positioned to win there.

And then the strategy for our newly formed Tools & Storage business and the underlying rationale for combining our CDIY and IRR businesses. And finally we will review our capital allocation strategy and importantly our framework for acquisitions to provide you with clarity on our acquisition plans and related financial criteria.

The agenda before you lays out these discussions along with the two Q&A sessions which we hope will provide you with information to better understand the direction and plans for Stanley Black & Decker. With that I will now turn the meeting over to our Chairman and CEO John Lundgren. Thank you.

John Lundgren - *Stanley Black & Decker, Inc. - Chairman & CEO*

Thanks Greg and good morning everybody. First of all thanks for being here in person, thanks for those of you who are joining us by webcast and apologies to those who couldn't get here on a train due to the tragic incident in Philadelphia. But hopefully you are going to learn a lot this morning.

My first task and probably the most enjoyable one is to introduce the team that I have the privilege of leading and have for the last 10 years or so and who are going to speak to you this morning. I won't introduce everybody but just very quickly because there is a message here.

Jim Loree, our President, Chief Operating Officer has been with us more than 15 years, joined us from GE as our CFO as many of you know.

Don Allan who joined us from Loctite as our corporate controller also 15 years ago ex as our Chief Financial Officer.

You see Jeff Ansell who runs our new global Tools & Storage business, prior to that our CDIY business. It says 15 years, that's actually Jeff's tenure at Stanley. It's a little bit understated because the first seven years of Jeff's business career he spent in sales and product management at Black & Decker. So it's a home game or coming home again for Jeff.

Jim Cannon who has been in charge of our security business since the beginning of the fourth quarter joined Stanley 10 years ago after a -- via Eaton Corporation after a distinguished 10-year career as an officer in the United States Army.

I will stick on the military theme for a minute and jump to JoAnna Sohovich who runs our Engineered Fastening business. JoAnna has been with us about going on five years. JoAnna joined us from Honeywell via the US Naval Academy and a distinguished career as an officer in the United States Navy.

Last but certainly not least Jaime Ramirez who joined Black & Decker about 15 years ago in commercial and business roles in Latin America, led that group and now Jaime leads our entire Emerging Markets group.

I won't introduce everybody else below but you are going to hear from some of our process and subject matter experts as we talk about the impact that SFS 2.0 is going to have on embedding an organic growth culture within our Company.

Not much has changed here. For those of you who know the story well $11.3 billion in revenue, about $16 billion in market cap cash dividend of about 2%.

Three segments. The change as of the first of the year, our IAR business being merged with our CDIY business to become global Tools & Storage, our largest business at $7 billion. Jeff is going to talk to you about that in very short order.

Our Industrial segment which now consists of Engineered Fastening and our Infrastructure business which is the combination of hydraulics and oil and gas and our Security business, $2.3 billion in revenue, our convergent security business and our mechanical access business. World-class franchises as you will see in a minute with sustainable characteristics that we believe are creating tremendous shareholder value.

This is the five-year history going back five years to the pre-Stanley Black & Decker merger as a base year. Simply said compound annual growth rate and revenue of 27%, compound annual growth rate and free cash flow 21%. I think the numbers speak for themselves.

But importantly how have we done relative to our objectives both internally and externally stated. These financial objectives have been in place for 10 years. What this chart depicts is our performance over the last five years against those objectives.

And specifically in revenue growth we target 10% to 12% of which about half of that is organic and happens via acquisition. We've grown to 27% as you just saw, 4% of which is organic and that's stepped up quite a bit in the last 6 to 12 months.

Financial performance we've always targeted mid-teens EPS growth free cash flow greater than or equal to net income and CFROI in the 12% to 15% range. We've been there the last five years with 17% compound annual growth rate on revenue, cash flow conversions. And I will show you a specific chart relative to peers in a minute at above 125% and 13% CFROI last year.

The dividend is a very important part of total shareholder return for us. It's up 53% during those five years. It's increased every year.

And if you didn't pick it up on the previous chart we paid a dividend for 138 years. We've increased the dividend 47 years in a row. That's a track record we obviously intend to keep but I think it shouldn't be overlooked as an important element of TSR.

And last but certainly not least our credit rating. Strong investment grade, you see the ratings from the three agencies, and as Don will point out when he talks about the balance sheet and capital allocation to the extent we have been and we've created some of these franchises via acquisition we will continue to be acquisitive with approximately 50% off our cash flow. Maintaining the strength of that balance sheet is a very important element to us and Don is going to give you a lot more detail on that a little later on this morning.

How does that translate into stock price? On the left is a 10-year chart where we've exceeded the growth of the S&P 500 by 57%, 140.1% versus 82.9%.

And over the last five quarters since the beginning of 2013 the value of SWK has increased at twice the rate of the market, 28% versus 14.5%. And remember strong dividend 2%-plus, on top of that further adding to total shareholder return.

Other than the team and their people that I introduced on the first slide these are our most important assets. We have a portfolio of incredibly valuable franchises. They are well-established, they are valuable within our three segments, we're number one in the world in global Tools & Storage with our powerful brands Stanley, DeWalt, Black & Decker but many others that serve specific vertical markets; Powers and Bostitch in fastenings; Porter Cable for the trade brand; Facom, iconic mechanics tools brand primarily in Europe; Mac Tools; Vidmar and Lista in industrial storage, tremendous group of very valuable assets.

We're number two in the world in engineered fastening. And importantly as JoAnna will point out, we're selling productivity to industry in our Engineered Fastening business. We're selling both systems and then consumables with a nice recurring revenue or annuity if you will.

It's a terrific business that historically was focused primarily on the automotive market as a vertical and of late it's expanded its portfolio, much more diversified to consumer electronics and other things. JoAnna will talk to you a lot about it. It's a business we love and as Jim and Don talk to you about future plans it's a business we intend to continue to invest in, both in terms of organic growth and seeking further industry consolidation.

And last but certainly not least is our Security business. We're number two in the world in commercial electronic security and you see various representation of our brands in the monitoring space with Sonitrol and with various tracking and RFID, our best of course mechanical locking AeroScout, Hugs in our healthcare vertical all very important properties that Jim Cannon is going to talk to you more about later this morning.

Two slides on Security. One the takeaway from this slide should be that it's a business that aligns with our strategic framework but we've got to prove that it can continue to grow and meet our profitability trends.

Why do we like it? Focus on the right-hand part of the slide. The left-hand basically is just the numbers from its inception up until through 2011.

Historically has mid- to high teens operating margin through almost all its history. High value-added vertical markets; as you know and you will see later, we approach it with our focus on 5 to 6 verticals which have been growing ahead of most of our industrial markets.

The attractive recurring revenue model, the annuity that creates tremendous value for this business. A fragmented global market that's allowed us to make a lot of acquisitions and provides the opportunity for further rollup.

And as Jim will point out its CapEx-lite relative to the residential model. The capital requirements of the commercial security business are far below that of a residential model and it's one of the reasons the cash flow is so positive and so attractive in this market.

But I think most importantly as we look back in history when the housing bubble burst in 2009 the Stanley Works made more money than it did in 2008. Because security grew to 40% revenue, 50% of income and candidly afforded Stanley the opportunity to buy and merge with Black & Decker. This is a good business.

The area of focus for us of course is Europe. There is a transition in place. I won't focus on it other than to say that Jim Cannon will talk to you about it in a little bit.

But just to say we have a track record at Stanley Black & Decker of fixing underperforming businesses. And we have a track record of exiting those either with strategic challenges or that over time are below our Company average in terms of margin performance or growth rate.

Our hypothesis that we strongly believe in is Security can and will return to the mid-teens margins and it will demonstrate consistent organic growth. And we've been asked a lot about timing when you know we like the trends, we like the progress. It will be this time next year to the second half of next year at which point in time we will reevaluate the pace of that recovery, how we're doing and its progress in terms of performance and relative to its fit in our portfolio.

SFS, it's what's in our DNA. Two quick slides on SFS, because you're going to hear more about it from our subject and process matter experts later today.

It started with operational excellence, productivity, working capital turns. You will see the results of that. Agile leadership to be both proactive or responsive when necessary.

Acquisition integration which is a core competency of this Company, most recently Infastech which you will hear about. But within the past five years one of the more successful I would say integrations in the history of the Industrial product segment with Black & Decker, $350 million of committed synergies, $550 million banked revenue synergies, outstanding stock price performance due primarily to the way and process that it was integrated within Stanley.

World-class brands that I've showed you, you are going to hear more about it. Innovation, I want to distinguish between the incremental innovation that Jeff Ansell and his folks will talk to you about that provide a whole lot of these products and breakthrough innovation that you're going to hear more about from Steve Subasic, Jim Loree and some others that we think will ultimately lead to what you see in the bottom right embedding an organic growth culture within our Company under the banner of SFS 2.0, the foundation for our future.

The results, 2014 free cash flow conversion, Stanley Black & Decker at 132%, industrial peers and if you can look at the small print in your book some awfully good companies at 91%, security peers at 109%. Working capital turns, and by the way those numbers are always top quartile and often top decile among a very, very formidable group of peers. Working capital turns of 9.2, doubled since the merger with Black & Decker.

Stanley Works started in 2006 at about 4, grew to 9, with the merger back to 4 to 5, doubled almost to 9.2 versus our industrial peer group of 6.0 and our security peers at 5.3.

So last but certainly not least what I'd like to start you with today and what we'd like to leave you with at noon time why invest in Stanley Black & Decker? Jim Loree will show you that we are the tool company to own with world-class franchises and incredibly strong market position.

We have a self-help margin opportunity. Sometimes self-help is misconstrued, that it's hopeless or needs to help itself. What it means and you are going to hear it a couple of times this morning is our opportunity to improve margins which are in pretty good shape are totally within our control.

We have productivity, we have the leverage of organic growth in our Industrial and our global Tools & Storage platform and we have a security business representing 25% of our revenue performing in the low double digits in terms of margins that historically have been mid- to high teens. And that's just the math.

We have the ability to improve it and it is for us to control and us to execute which is what we mean by self-help margin opportunity. We don't need help from competitors, we don't need help from market conditions, that's all further tailwinds if we get it.

We're poised for growth. We've had an acquisition moratorium in place. We're going to talk about timing and when we might start looking at other things, so we're poised for growth organically with SFS 2.0 and via acquisitions which has helped us build some of the global franchises that I just talked about.

And last but certainly not least strong free cash flow generation. And what we've listed here as a shareholder friendly, capital allocation policy where over time if we go back 10 years approximately 50% of our free cash flow has been used to make accretive, strategic acquisitions and the other 50% has been returned to shareholders pretty much equal proportions in terms of buyback and the dividend.

Thanks for being here. I will be back with you at the end of the day after the management team walks you through some of our most exciting programs.

Greg Waybright - *Stanley Black & Decker, Inc. - VP, Investor & Government Relations*

Next up is Jim Loree, President and COO.

Jim Loree - *Stanley Black & Decker, Inc. - President & COO*

Thanks for a great kickoff John, that was terrific. Good morning everybody.

We have an exciting day ahead and we're really thrilled that you made the sacrifice to come on down here to Maryland and our home turf here to see what you see around us in terms of the walls and this a real tool company. This is the biggest tool company in the world. We love tools and you can see the powerful brands and everything arrayed around this room and the passion for tools in this Company.

We've come a long way here at Stanley Black & Decker in the 15 years that I've been here. When I joined we were $2 billion in sales, $2 billion in market cap and today we're about 7 times larger in market cap going on 8 and about 4 to 5 times larger in sales.

We also have built these franchises that John talked about, the amazing Tools & Storage franchise with its incredible array of brands, its powerful innovation and its global scale. Putting those two companies together gave us that scale which has been so helpful in terms of penetrating both the developed and the developing markets. We have tremendous franchises in both power tools and hand tools and we're the only player that competes in construction, DIY, auto repair and industrial across the spectrum and we have that presence in both developed and increasing presence in developing markets.

So very much a strong powerful business. And as I like to say it's my opinion it's the tool company that you want to own.

The Engineered Fastening business also a business that we really love with its highly engineered value-added products and innovative solutions driving value for the customer. It's a recurring revenue model.

It also has a terrific, well-balanced global footprint and global scale. And it's a very high growth business because it has repeatedly demonstrated the ability to grow in excess of GDP and in excess of global light vehicle production.

And then thirdly this Commercial Electronic Security Service business which is also number two in the world, the only one with a mechanical business attached to it which when you look at electromechanical and the trends in that regard is important. And this has this great opportunity in the high value-added vertical market solutions to drive organic growth over time. At least as a hypothesis, it's something that's a work in progress, but we're testing it out to see if we can make that work.

It's got a recurring revenue model and as John said a CapEx-lite capital consumption versus residential, sometimes that's misconstrued by people who don't understand all the nuances of difference between the resi and commercial security. We are largely in commercial security. And also like our other businesses has a very, very compelling global footprint and on top of all that we have this large margin accretion opportunity over the medium to long term. So an exciting strong set of businesses.

And then underlying these franchises is the Stanley Fulfillment System which John referenced. It has driven the asset efficiency to a point where we have 9.2 working capital turns at the end of the year and it has driven customer level facing execution to high levels and it has also been a driver behind the continued process efficiency of the Company. So a lot of good things coming from the Stanley Fulfillment System.

We've operated under a strategic framework for as long as John and I have been here together. And it has evolved over the 10-year period or so but it has been fairly consistent, certainly has had some threads of consistency. And as we stand here today we're going to continue to pursue our organic growth momentum.

We're going to utilize SFS 2.0 which we'll be talking about in more detail. It's an exciting new concept and program here and initiative at the Company. That will be the catalyst for even further growth from the already impressive growth numbers that we're posting at this point in time.

We're going to mix into higher growth, higher-margin businesses and we're going to increase the relative weighting of emerging markets. As Jaime will show you, the economic growth for the world in the next 20 years is going to come from the emerging markets, even though we're having some stumbles in a few countries and regions around the world right now. For the long term it's the right place to be and we're committed to be there.

Now the center of this chart is the crux of our strategy. And it's very important that we are selective and that we operate in markets where brand is meaningful, number one, it can drive end-user demand; secondly, that the value proposition is differentiable, definable and can be sustained and improve through innovation and defended; and then thirdly, global cost leadership is achievable.

If you have any two of those three we've found that you can generate some pretty good returns. If you have all three it's kind of Nirvana. You can generate above-average returns and growth and so that's what we strive to do is operate in markets where all three of those are present.

Then finally we're on to continue to pursue acquisitive growth. We're going to consolidate the tool industry, strengthen the core and we're going to expand our Industrial platform in Engineered Fastening and Infrastructure through acquisition.

So some key themes here, growth and margin expansion, pretty simple. If we get that right we will drive above-average shareholder value creation and that's essentially what we're all about right now.

So what should you look for from us over the next decade? I think the first thing is a key focus on value creation. A dominant theme as I said will be growth acceleration achieved both organically and through acquisition and we will strive to move to the right-hand side of the 4% to 6% organic growth range.

And we will not be satisfied until our total revenue growth is in double-digit territory which is something that we've accomplished over the last 10 years and something we intend to continue to accomplish over time. Operating leverage and margin improvement actions will further supplement the EPS growth rate and we envision our operating margin rate to be about 16% by 2018.

SFS will continue to provide improvements in working capital turns and we expect to be above 10 soon. How far beyond that we can go we shall see but it is uncharted territory. But we will not be satisfied with just 10, we're going to try to drive further beyond that and get even more asset efficiency.

And our robust free cash flow conversion will continue to be greater than net income as it has for every one of the last 10 years and 13 of the last 15 years. And our cash EPS will be about $1 higher than book EPS. We'll allocate our capital wisely and thoughtfully, reinvesting about half of that it growth and about the other half a return to shareholders in the form of dividends and repurchases.

And in some respects these are lofty goals especially at a time when the pace of technological change is at record levels and continuing to accelerate, new forms of competition are emerging, our legacy competitors are as aggressive as ever. There's no getting around any of that. So we're well aware that this environment contains both threats and opportunities as well and that complacency or inaction is clearly not an option.

So our response is an exciting new refresh of the Stanley Fulfillment System and it's called SFS 2.0. It's been in planning for about two years. We rolled it out broadly to our management team and employees earlier this year and the momentum is already building.

SFS 2.0 will take our already strong and growing enterprise and drive it forward in the coming years. It goes beyond the historical SFS focus on operational lean and asset efficiency that has been so successful. And it extends into growth and margin expansion.

So what exactly is SFS 2.0? Well I like to think about it like this. We're taking upgrade asset which is Stanley Black & Decker, feeding the new product innovation machine, coupling it with outstanding commercial and supply chain excellence, maintaining its relevance with digital and funding at all with world-class functional efficiency. That's why these five things together make a lot of sense.

SFS 2.0 consists of five initiatives as you can see, core SFS, digital excellence, breakthrough innovation, commercial excellence and functional transformation. Each of these has an executive sponsor from our senior team who leads it.

Steve Stafstrom on core SFS, JoAnna Sohovich on digital excellence, Steve Subasic on breakthrough innovation, Jeff Ansell on commercial excellence and Don Allan on functional transformation. So the various speakers including some of those folks will provide some insights and color regarding these initiatives during the session.

So I'm just going to hit a few highlights. And I will start with the one on the far right functional transformation because it funds the three growth-oriented ones in the middle. And basically our functions such as finance, HR, IT and others while highly effective after 80 acquisitions are not as efficient as they absolutely could be based on external benchmarks.

So what that says is that our SG&A percent of sales has the opportunity to decline further and as you know that's a good thing. Functional transformation is a systematic methodology that we're employing to approach the way we work with a clean sheet of paper and redesigning it to be as efficient as possible. And Don will tell you more about that during his remarks.

Now let's talk a little bit about core SFS. The Stanley Fulfillment System that we know and love that has freed up over $1 billion of working capital over the last six, seven years and enabled us to generate enormous gains in process efficiency, that will remain intact. So everything to the right under that on the list there on the left-hand side of the chart is incremental but the core SFS remains intact and we will continue on our quest to exceed 10 working capital turns as I mentioned.

Digital excellence, our definition of digital excellence is leveraging the power of emerging technologies across our businesses to drive new sources of advantage. And as we know digital trends in emerging technologies are rapidly changing and reshaping the world that we live in. And our intent is to exploit the power of digital including connected devices, the Internet of Things, big data and analytics as well as social, local and mobile and like everyone we're always doing some of these things to some extent.

The difference here is that we're making an overt and comprehensive effort to ensure that our business models are maximizing the value creation potential of these technologies and that we are leveraging the power of digital across all relevant parts of our enterprise. We're also trying to disrupt our own business models with digital, in some cases using allied independent third parties to help us so that we are well aware of our own vulnerabilities and we never fall into the trap of the innovator's dilemma.

On breakthrough innovation, this is incredibly exciting. When you are already perceived as the most innovative Company in your industry it takes a certain humility to admit that it is not enough, that there is more opportunity and a bigger opportunity to be more innovative.

And that's what our tool business did last year. They opened up their minds, they visited some of the best innovators in the world, many of them in Silicon Valley, and they studied how they approached breakthrough innovation. And upon their return they set up a small group of our best, most creative people, segregated them from the main business and supplemented them with external resources.

They then gave them a mission and empowered them to come up with the next major breakthrough in our industry. They give them a relatively short time frame, less than a year, and then they got out of their way.

The pilot produced not one but several potential breakthrough innovations, some of which will begin to hit the market in the not-too-distant future. In the meantime our core innovation machine continues to operate at full speed.

You can see the results in the organic growth of the tool business which is industry-leading and driving consistent share gains. We will continue to feed this machine while supplementing it with our breakthrough innovation effort and disseminating it across the Company.

The result will be a very exciting future of growth. And Steve Subasic will tell you more about this a bit later in the program.

And now commercial excellence. What is it? Well one answer is you know commercial excellence when you see it.

As an example when organic growth in Europe tools totals 9% in a relatively flat market in 2014 it's probably an indication that we have in that particular place commercial excellence and we do. We view commercial excellence as world-class execution across seven pillars: customer insights, innovation and portfolio management, brand and marketing, pricing and promotion, sales force deployment and effectiveness, channel programs and the customer experience.

Our commercial excellence initiative begins with a diagnostic across these seven pillars and their sub-elements. We surface the improvement areas with the most leverage.

Right now we have over 200 opportunities identified. We will cull that down to about 50 by prioritizing the opportunities and then developing a multiyear plan for driving commercial excellence into the various businesses. The plan will be linked with our other human resources processes and also our strategic planning rhythms.

In a short while John Wyatt will give you more color on the overall program. John Cowley will tell you how they did it in Europe. And Jim O'Sullivan and Robert Raff will highlight two US-based commercial excellence initiatives.

And by now it's probably obvious that there is a fair amount of overlap across digital excellence, breakthrough innovation and commercial excellence. We do see them as synergistic and by doing them simultaneously we expect the impact on growth and margin expansion to be that much greater. The other great benefit of doing them simultaneously is that they have a cumulative positive impact on the customer and that they are all tied together because they drive customer value.

Now moving to acquisitive growth and as you know over the last few years we've taken a little break from acquisitions. We've developed the organic growth initiatives here and are building the culture; however, we have not forgotten the power of M&A-based growth and what it has meant to the success of this Company over the years.

In the creation of our strong world-class franchises would not have been possible without a combination of organic and inorganic growth. And we're now ready to get back to acquisitive growth.

And we've maintained our business development resources, we've kept our pipeline warm over time. And as always we're focused on a disciplined set of criteria which includes alignment with strategic objectives, sufficient organizational capacity and strict adherence to our financial hurdles. And we will probably do acquisitions with priority on tool industry consolidation and Engineered Fastening and Infrastructure as the chart indicates.

We might also do some small technology acquisitions to supplement some of our technology such as some of the digital ones. But they won't be overly material. And then I wouldn't expect to see anything significant in the area of Security until we reconcile the puzzle of our portfolio fit and the future of the Security segment.

So in summary as we look ahead we clearly have an organic growth culture developing here at Stanley Black & Decker. And SFS 2.0 as you'll see today we believe will provide added momentum along those lines. Digital will transform our value propositions, breakthrough innovation will ensure continued growth and as I said starting with tools look for marketplace impact in 2016 or thereabouts.

Commercial excellence will provide tactical share gain. And as I said we are back on the hunt for acquisitive growth with our measured, methodical, and risk-contained approach.

Our financial objectives are clear and when taken in totality they are geared towards driving shareholder value creation above average levels.

So we are in the process here of making a great Company even greater. We have laid the groundwork, we've developed the roadmap and I look forward to moving forward along those lines over the coming years. Thank you.

Greg Waybright - *Stanley Black & Decker, Inc. - VP, Investor & Government Relations*

We will now move into a review of our key businesses including Emerging Markets. Jim Cannon, President of STANLEY Security, will lead us off. Jim?

Jim Cannon - *Stanley Black & Decker, Inc. - President, STANLEY Security North Americas & Emerging Markets*

Good morning everyone. I will provide a brief overview of our market position, capabilities, mission, three-year objectives and our method to accomplish that mission.

In a little more than a decade we've executed a very deliberate strategy to evolve from a North American-centric automatic door business to a $2.3 billion and in recent quarters growing global leader of security products, services and solutions. This effort has been at the center of our larger corporation's strategy to build growth platforms of scale and diversification.

We have over 11,000 employees operating out of 250 branches, 14 monitoring centers and 10 manufacturing sites around the world. With a well-established presence in developed markets and by working with our global emerging market teams we can meet our customers' demands anywhere on earth. We serve a wide range of end markets especially concentrated upon large commercial customers, retailers, healthcare providers with strong positions in financial services and higher education as the need for compliance drives demand.

Our revenues are balanced a third, a third, a third between the products like automatic doors and locks, service and monitoring RMR and installation. And you'll see in the coming slides it's difficult to find a directly comparable competitor. We are the world's second-largest commercial security provider.

We have a proud history. Indeed we invented the automatic door securing the first patents in 1930. But it was in 2002 with the acquisition of Best Lock that we began a very deliberate campaign of acquisitions to build what is now STANLEY Security.

We've assembled a unique breadth of capabilities and a stable of strong brands, brands like Stanley, Best, Sargent & Greenleaf, Sonitrol and Hugs & Kisses. These brands have been built over generations with a reputation for quality that you can trust. It's a privilege to build upon this proud heritage.

And while many on this page certainly have greater scale in any given space none can match our combined capabilities. This capability and the legacy of Stanley Black & Decker is why tens of thousands of demanding customers trust us every day to secure their most valuable assets.

But we do have puzzle pieces yet to assemble. Big data and predictive analytics, world-class vertical markets, operational support and innovative electromechanical locking solutions to name a few that we'll detail in the coming slides.

Every day the news brings new and unexpected threats. Cyber security threats, state-sponsored terrorist, lone wolf actors and active shooters to name a few. These threats were once isolated and rare but now sadly a part of our everyday reality.

And what's more than that is law enforcement assets are often spread thin. The need for the private sector to assist in countering these threats has never been more relevant than it is today. This is a call to action for our industry and one that Stanley Black & Decker takes very seriously as lives can be in the balance.

Furthermore rapidly changing technology, customer demands and new competitors have reshaped the marketplace as we know it. We now deal with CIOs and CMOs as much as loss prevention or chief security officers. Stanley Black & Decker has stood the test of time for over 170 years by being agile in the face of change and that holds true now for STANLEY Security.

Our current capabilities are impressive. We've worked hard to build out leading solutions in mechanical security applications, electronic security needs, core monitoring, video and enterprise solutions. But what really excites us now is what all of these devices can tell us.

Every hour of every day we generate loads of data, big data. This term is often used and can be described as the natural resource of the 21st century to be harnessed. And we're doing just that, building the capabilities to harness this resource to create actionable intelligence and predictive analytics that can help our customers accomplish their mission.

Our mission is simple, profitable organic growth. We're focused upon realizing the full potential of this Security group we've constructed over the past decade. Our objectives over the next three years are just as straightforward: 3% to 5% revenue growth across all of our business, expanded operating margin of 15 points or greater, a 1.5 working capital turn improvement driving our working capital turns well into the double digits. Midway through our first year we're optimistic about accomplishing these objectives.

Our method to accomplish this mission is focused upon four priorities. First, vertical markets growth, exploit our commercial successes to date with an emphasis upon two areas: big data analytics and predictive analytics and vertical operation support to ensure world-class execution.

Second, core business and processes, a return to growth in our mechanical business, driving new product innovation, embedding SFS 2.0 into the business with a particular focus on commercial and digital excellence.

And third European acceleration, execute the turnaround of our business in Europe which albeit early days has returned to growth with some encouraging indications.

And field execution, we're assembling the talent and developing the playbook to establish what we call the Stanley standard. And that is targeting truly world-class field installation and service.

Let me give you a bit more color on each of these priorities now. Last year we embarked upon a big effort to tailor custom solutions to meet the unique security needs of several focused vertical markets.

One size does not fit all when you're moving between retailers, data centers and higher education customers. We assembled dedicated cross-functional teams aligned to retail, healthcare, education, banking, government and enterprise customers, an $8 billion addressable market.

For our retail customers we're focused upon loss prevention, POS exception and providing tools to make them more effective. In healthcare we help to ensure compliance, patient safety and efficiency. For our education customers the need for compliance, for mass notification, to integrate multiple systems into one security management system comes front and center.

We've had some great commercial success but not without lessons learned, lessons in two particular areas: harnessing the output of all of these devices to develop actionable intelligence and being prepared for the complexity of installing these often unique systems in very challenging environments.

So we're now adapting to these lessons, building upon our software solutions group and SFS 2.0 digital excellence efforts to have data analytics as the engine that can for example help higher education customers tackle the freshman 15 or dropout rates or in a data center environment profile potential internal threats by identifying anomalies.

And we've constructed the most robust operation support team in the industry comprised of application engineering, project management and program management resources to ensure success. This coupled with the field operations playbook that I will detail later is what we call the Stanley Standard.

But let me give you a practical example with Big Lots. We evolved base intrusion, fire and EAS together with people counting, video analytics and POS data to attack shrink and POS exceptions. What's more is we executed this in over 1,500 stores nationwide in under six months but not without lessons.

In fact this effort marked the creation of our vertical operations support team. We're targeting a 5% reduction in POS exceptions and shrink which is a significant number at a customer like Big Lots.

So now let's go to a quick video highlighting this effort with Big Lots as well as Cornell whose a flagship customer of our higher education vertical.

(Video playing).

Business and business processes and there's no better example than what we're doing with our mechanical business. Two years ago we made a courageous decision to shift our go-to-market model from direct to distribution in order to open the apertures to markets and grow.

Model shifts are seldom easy and this proved tougher than most but after a lot of hard work we have established trusted distribution partners. We have a sales and marketing engine that's pulling products to market and we have returned to growth in line with our peers. It's now time to gain the full value of this channel with robust new product development efforts especially with regard to electromechanical solutions, continuing to invest in our spec writing efforts and harnessing the strength of Stanley Black & Decker in channels like MRO.

Our third priority but arguably our most important is the acceleration of our turnaround efforts in Europe. After a tough couple of years we've returned to growth with some very encouraging signs for containing some pretty tough issues. We're heavily focused upon talent acquisition, the backlog is building, RMR attrition is back in line with expectations.

Indeed after a lot of work to right size the business we're making measured investments in three principal areas: profitable growth, operational excellence and people and performance. Let me give you a bit more detail on each.

To drive for profitable growth we've defined vertical market solutions of over $270 million and we're expanding that presence. We're especially focused upon the small and medium enterprise market that was so attractive to us in the past before acquiring Niscayah. We have a strong emphasis on RMR generation and attrition; we've executed many tactical measures, bringing RMR attrition rates down from 20% to under 12% with four consecutive months of RMR growth in Europe.

Operational excellence includes many of the field operations playbook standards that I will detail next but also by leaning out our back office and building upon global capabilities. People and performance culture is at the heart of this. We've established a new senior leadership team on the ground in Europe whose attacking these challenges with a fresh perspective and a renewed vigor.

And lastly field execution sounds elementary but at our core we're a service business and we must properly install complex solutions that work on time and on target. And sadly in the security industry we do not set the standard for world-class field execution.

The complexity of this effort is in its scale. Hundreds of systems, thousands of installations weekly, tens of thousands of service calls.

To tackle this we're leveraging core SFS to define, streamline and train, train, train, train upon a common playbook we call the Stanley Standard. This includes everything from wiring standards and digital tools to uniforms and trucks. Six distinct workstreams have been identified that we're currently piloting in two branches, in Cincinnati and Chicago, with some impressive results to date around field technician utilization, first-time fixes and remote servicing.

We've also established a new function within our business tasked with field development. This team will roll this standard out to all of our branches. This effort will expand capacity, it will improve customer satisfaction but more importantly it will differentiate Stanley and deliver millions of dollars of operating margin.

So to close, our mission is clear: profitable organic growth. Our three-year objectives are straightforward: 3% to 5% revenue growth, 15 points or greater of operating margin and a 1.5 turn improvement in working capital. And our method to accomplish this mission is well underway: Vertical markets growth, core business and processes, European acceleration and field execution.

Thank you.

Greg Waybright - *Stanley Black & Decker, Inc. - VP, Investor & Government Relations*

Our next speaker is JoAnna Sohovich, President STANLEY Engineered Fastening.

JoAnna Sohovich - *Stanley Black & Decker, Inc. - President, STANLEY Engineered Fastening*

Good morning, everyone. I am JoAnna Sohovich, and since I assumed responsibility for the STANLEY Engineered Fastening business in January a variety of people asked me to explain my job, no doubt picturing everything from staples to screws in the hardware aisle of the store.

And the answer to that question isn't as simple as when I used to tell them that I sold industrial tools. In reality I hope that you will come to see over the next 15 minutes that we provide innovative, technology-based solutions that improve productivity, quality and safety as well as reduce total assembly cost for our customers. We solve problems.

On the fastening side we do this in three ways. First we seek to apply the best fastening technology alternatives to suit our customers' needs or we develop a completely new assembly technology such as aluminum joining with self-piercing riveting.

Or we can offer a variety of application engineering solutions to customize a solution that our customer would need. Each of those initiatives requires a unique balance of global presence and customer coordination as well as local agility and responsiveness and access to our end-users' manufacturing operations.

So how does that strategy bear out? You can see that the strength in our organic growth is supported by our automotive segment through application engineering and stud welding equipment and plastic applications. This drives a recurring revenue stream over the life of the platform with fasteners.

Next we drive increased content per vehicle and a strategy that significantly outpaced light vehicle production by contributing additional applications and technologies like welded and glued stud that route wire harnesses and fuel lines. Or like busbars that manage current and electrical hybrid vehicles and interior clips to retain decorative trim.

In contrast to automotive, our industrial segment has shown continued growth in high-strength products, addressing the solar and heavy truck markets, increased aerospace demand as well as the fast-moving electronics customers. Second we obtained operating margin improvement through both volume leverage and productivity. And lastly we posted working capital improvements of 56% driven by deploying the Stanley Fulfillment System principles.

Let's take a look at the market size and the competitive landscape that we operate in. The broadest definition of fastening is an $80 billion total global fastener market, that might just include staples and screws, $18 billion of which is what we consider to be value-added.

But we prefer to focus on the $5.3 billion application-specific portion of that market. And our competitive advantage in that space is by providing a total assembly solution which is both the fastener and the installation equipment and software system versus simply supplying a fastener. This improves productivity and lowers the total manufacturing cost for our OEM customers which is key to the global coordination aspect of being a preferred supplier.

Next our primary focus in the application-specific market utilizes field-based application engineers. That leads to implementing, maintaining and servicing assembly technologies that improve our customers' manufacturing costs. That's the local responsiveness piece.

Regardless of the industry maintaining, servicing and solving assembly problems on existing product or applying our technology to an OEM's new product leads to mutual success. Other global fastening companies can be limited by the scope of their available fastening technology product portfolio and by having to incorporate the installation equipment to provide a complete solution. They can also be limited by vertical market expertise, access and typically concentrate in a few areas lacking global reach.

So let's zero in on our application-focused take in the Engineered Fastening world. In automotive we offer body shop assembly technology and the no-hole fastening system which utilizes surface one-sided welding threaded studs that attach to a fastener for retaining wire harnesses, fuel and brake lines, retention of carpet and insulation and grounding systems to manage electrical current. Not exactly a paperclip. Additional areas of market participation are self-piercing rivetings for the assembly of aluminum vehicles to reduce weight and specialty retention devices for interior trim.

And our industrial business offers a broad assembly technology offering that provides numerous assembly alternatives for OEMs to drive productivity. We concentrate on heavy truck, trailer, aerospace, defense and renewable energy systems and work with the end-users to create pull for our OEM and our channel partners.

Next electronics specializes in micromechanical fastening solutions across numerous electronic segments as well as assembly technology suitable for high-speed short lifecycle products.

Finally our advanced industrial solutions business, AIS for short, features asset tracking inventory management systems that focus on indirect material and secure access controlled vending. They also have WiFi-based real-time location sensing technology that creates ecosystems that monitor and analyze manufacturing productivity on our customers' manufacturing floor.

So if we dig into automotive further, our automotive business utilizes application engineering to apply our technologies by first understanding then addressing the OEM's assembly need and productivity goals. More specifically we combined the fastener technology with the means to install the fastener, we implement the assembly method on the assembly line, we provide program management and ongoing service for that equipment and in doing so gather a level of customer empathy and understanding for their needs for the next design cycle. Then we engage with the customer in the design process for new models by performing value-added engineering and design analysis at the customer plants and all of that positions us well to be selected for the new platforms because of our innovative designs and our customer knowledge.

In addition to application engineering we offer a variety of plastic fasteners and applications, no-hole fastening systems, draw arc welding technology to attach components, self-piercing riveting systems to structurally assemble aluminum vehicles in pursuit of reduced weight and improved vehicle efficiencies as well as reduction of CO_2 emissions. And through it all we use a full system approach and seamless interface with our OEM's products and manufacturing engineering teams and their line building partners at their sites.

Next is our electronics business which has a presence in multiple segments spanning mobile devices, storage and hard disk drives, home media and computing. This team is built around supporting a fast lifecycle customer base through speed and agility and responsiveness. Our strategies focus on the global coordination of customer engineering requirements, product supply, design centers and manufacturing locations.

We offer easy and fast access to our technology through an electronic catalog. We deliver prototype samples in fewer than five days during their design phase. We offer end-product teardowns and assessments of assembly technology alternatives and we increase assembly technology functionality to drive shopfloor efficiencies for them.

In alignment with Stanley Black & Decker's strategy to grow our emerging market presence we've also increased our focus and investments in the emerging markets, not just because the customer base is growing but because our customers, our OEMs are situating their manufacturing locations there. And we want to be sure to be there to support them and combine our global reach and consistency with our local agility and responsiveness.

In the process our emerging markets business has grown consistently year over year in addition to the greater than 300% growth due to the Infastech acquisition. Our market participation there is comparable to the other regions. We service automotive, electronics, heavy trucks etc.

We have a strong manufacturing footprint as well as product consolidation sites for the distribution of products manufactured globally. And for example we're currently expanding manufacturing capabilities in South Korea to support customers like Kia and Hyundai as well as local automotive applications. We are positioned to support global automotive, electronic and industrial platforms as they grow their global emerging markets customer base and in short we follow the customer, localize our production to support their local manufacturing locations.

Lastly, our advanced industrial solutions business is an emerging high-tech collection of businesses comprised of fairly recent CribMaster, AeroScout Industrial and View Technologies' acquisitions and investments. They utilize radiofrequency identification, real-time location sensing and bidirectional electronically steerable phased array radar technology to support Smart factory and other Internet of Things segments.

Our software and systems provides data and visibility to enhance productivity, quality, worker safety and continuous improvement initiatives. And we're very excited by the opportunity to use these technologies to pollinate the rest of our offerings.

In summary STANLEY Engineered Fastening is the originator of productivity solutions provided to an increasingly diversified and cost-challenged industrial, automotive and electronic manufacturing customer base. We serve global OEMs that require seamless program management, application development, assembly technologies and ongoing fastener supply and support to drive efficiencies on their manufacturing floors. We offer advanced productivity systems that track assets, inventory, production line flow and we're a leading provider of access-controlled vending and WiFi-based RTLS technology as well as ecosystems that monitor and analyze manufacturing productivity and labor efficiency.

We have a well-established and growing position in emerging markets. And if you remember nothing else about the presentation today recall that we have a track record of highly profitable organic growth. Thank you.

Greg Waybright - *Stanley Black & Decker, Inc. - VP, Investor & Government Relations*

Next up is Jaime Ramirez, President, Global Emerging Markets.

Jaime Ramirez - *Stanley Black & Decker, Inc. - SVP & President, Global Emerging Markets*

Good morning. My name is Jaime Ramirez and I am going to take you through the strategy of the Company for Emerging Markets.

I'm going to cover mainly three topics in this presentation. Number one I'm going to talk about why Emerging Markets is one of the largest organic growth opportunities for the Company, number two how are we in emerging markets and number three what's the path going forward for the Company in the future.

We all know there has been some noise in emerging markets in the last three years but as a Company we did really well in the last three years in terms of results. We were able to grow our business 2.5 times GDP during the period from 2012 to 2014.

And more importantly than that was that we were able to protect our profitability. As our people stay in the business in emerging markets and because of the noise in the currencies will affect our profitability we were able to manage profitability in line with the Company's expectations.

Why is emerging markets one of the largest organic growth opportunities for the Company? Number one we see the strong macroeconomic perspective. By the end of the decade emerging markets are expected to represent almost 53% of the global economic outlook.

And second from the tools perspective, from the market perspective the median price point which is exactly the segment we're aiming with this strategy in American markets represents almost 70% of the total business. 70% the segment that is growing, and it's a segment that had been underserved by a lot of competitors in the industry.

How are we winning in emerging markets? We can say that we have a unique strategy and proposition in the Tool business to go after the Tool segment in Emerging Markets. None of our competitors have the same strategy we have today.

In terms of the structure our center of gravity is in the regions. By doing this we are we have the speed and we are very agile on how we serve the customers.

In terms of products today we design, develop and manufacture MPP products for emerging markets in emerging markets. In terms of commercial execution we have expanded our commercial resources. We have an organization that is fully focused on serving the emerging markets.

Operations, in terms of localization of products and supply chain we continue expanding our manufacturing capabilities in emerging markets. And in terms of business development we acquired companies with local brands with MPP products critical mass and also that give us channel to different access. So we're very well-positioned to continue gaining marketshare in emerging markets.

Let's talk about the strategic business units and this is the beauty of this Company. Without the support, the experience, the resources and the leverage that we can use from the GPS business it would have been impossible for us to put all this business units fully dedicated to the MPP products. So in 2013 we put together two SBUs, one for power tools and another one for hand tools fully dedicated to manufacture to develop those kinds of products you see in the (inaudible) segment.

This year we are working and putting together the accessory SBU. So by the end of 2015 we are going to have three SBUs, one for power tools, one for hand tools and one for accessories fully focused and dedicated to the MPP segment. We are also adding we will be adding engineering centers, design centers and of course more manufacturing facilities, so the focus on continued investing in emerging markets will continue in the Company.

Brand strategy. We have the best brands in the tools industry in power tools, hand tools and accessories. And the great thing we have today is with these brands we can have great segmentation between the different businesses and the different users.

So for power tools, hand tools and storage and accessories and then we take the industrial user, the tradesmen user and the consumer user we have the specific products and the specific brands. For the industrial segment we have the volume power tools, we have Proto, Facom and Vidmar in hand tools and storage and we have DeWalt in accessories.

In the MPP segment we have the Stanley brand across the segment for power tools, hand tools and accessories. And you see there is not a single competitor who can do this in the three business segments.

And for the consumer segment we have Black & Decker in power tools and accessories and Stanley in hand tools. And GQ which is our Chinese brand and we are working on our expanded brand across the different market segments in the globe.

And as we speak today, we are launching and we already launched Stanley power tools and hand tools in more than 30 countries across the emerging markets. So these products you see there are already in the market, already in the hardware stores and the home centers.

New product roadmap. In 2015 we will launch almost over 600 new SKUs; the product machine continues. In power tools we will continue launching products in cordless categories, in cord categories, for metalworking, concrete.

In hand tools we will continue launching products for construction, automotive business in storage. And in accessories we are in the process of launching new products in two categories, the two main categories across emerging markets. One is abrasives and the other is drill bits.

Localization, key area to do business in emerging markets to offset the headwinds of the currencies. Today we have manufacturing facilities, across the different markets we will continue localizing our manufacturing and our supply chain. These two go together and the target for us is to localize production beyond the 20% historical levels we have in the Company.

We are working on this. And they will bring a lot of benefit for the Company from working capital, supply chain cost and as I said before from the FX mitigation which is probably one of the biggest if it is not the number one risk of doing business in emerging markets.

What's the path going forward? The Company will continue focus and committed on doing business in emerging markets. We'll continue adapting our strategy, you have to be flexible, you have to be (inaudible) to do business in emerging markets and we will continue supporting our growth of at least 2.5 times GDP, and of course protecting our profitability.

New products, continue launching new products, define, design and develop in emerging markets. SFS 2.0 you heard from Jim and John will be the platform to take the business to the next level with commercial innovation, digital excellence and core SFS. Operations and supply chain localization, we will continue localizing as much manufacturing as we can have across emerging markets and then business development, a critical path to continue acquiring local brands, important brands in the market.

So with all this we're confident that we have a unique and solid strategy to do business in emerging markets. Thank you very much.

Greg Waybright - *Stanley Black & Decker, Inc. - VP, Investor & Government Relations*

Jeff Ansell, Senior Vice President and Group Executive, Global Tools & Storage will close out our business review section.

Jeff Ansell - *Stanley Black & Decker, Inc. - SVP & Group Executive of Construction & DIY*

Good morning to those who are gathered in my hometown of Towson, Maryland. Between the riots in the city of Baltimore and train crashes to the north the safest thing I get to do every day is run the world's largest tool business.

And also thanks for those who have dialed in around the world. Good morning, good afternoon, good evening.

I thought it would open up by spending a little time describing the what and the why related to global Tools & Storage given that global Tools & Storage did not exist when we were last together. Global Tools & Storage is the consolidation of what was construction and DIY and industrial and automotive repair inside the Company. We put those two things together the very first part of 2015 and it is consistent with our consolidation of the tools industry strategy.

As you can see from the depiction on the chart we've been consolidating the tools industry for more than a century. This was just the next phase of that consolidation.

There are several good reasons for doing it and one primary reason for doing this. Growth is in fact the biggest reason we put these together. Cost is not the primary driver of the consolidation of these two businesses.

When you consider that 70% of the customers between legacy CDIY and that legacy IAR are common 80% of the products in those two businesses are common, 100% of the geographies that we serve are common you would say that there's a lot more reasons to put this together than to keep them apart. But to be absolutely certain we tested the theory of the case before we executed against this initiative.

We began in our commercial US business a process of consolidating the commercial resources of our IAR business and our CDIY business into teams that serve the United States. In the first six months those teams were together they doubled the growth rate versus what they had done independently. So from 5% to almost 10% growth.

To ensure that this was replicable around the world we similarly tested the theory of the case in Europe in the Nordics and Iberia in particular. And in both cases the growth rates doubled from about 5% to 10% as well. So at that point we had enough information to believe this was absolutely the right thing to do but the primary reason that we executed against this opportunity now comes from the voice of the customer and the voice of the end-user.

I've talked to thousands of customers since we put these two great companies together five years ago and inevitably the discussion goes something like this. You've done a much better job of becoming one Company than we thought.

The brands have not suffered, in fact they've grown. The innovation has not suffered, in fact it's improved. The commercial execution is the best it's ever been.

But why can't we and there are some who ask related to it, and the question is always related to why can't they work with the world's largest tool Company as one Company. So the voice of the user, the voice of the customer really was the prevailing reason we put these two things together here and now. And in addition to a lot of really good reasons which I have already shared with you serving our customers better is our primary objective.

So with that said, what does global Tools & Storage look like as one Company? We're roughly $7 billion in annual revenues, about 15% operating profit. We serve every major geography of the world and we have a leading or material position in most end markets with particular focus in professional and industrial.

We go to market via 12 world-class brands but as one world's largest tool Company. If you dissect it a bit further we're number one in the world in power tools and power tool accessories as you can see from the chart depicted on your right. We are also number one in hand tools and storage.

This chart depicts the marketshare as it existed year-end 2014. A couple of things do come to mind when you look at this chart.

First you'd say that the negative is that we have a handful of very large, very aggressive, very capable competitors. The positive to that is we are the largest of all of them. On your left you can see that in fact that position has grown each and every year for the last five years as our share has grown greater than the market.

The other positive that comes to mind here is that as the world's leader, nearly twice the size of the next closest competitor, even with four or five really aggressive competitors and thousands of other competitors, we are number one but we only hold about 15% of the global market. That says that 85% of the world is still available to us going forward which to us is tremendous opportunity.

If you look at our position around the world you'd be pleased to know that we are in a number one, two or three position in practically every major market of the world. And even of greater importance these green arrows that you see depicted on the chart suggests that that share position has grown in the last 12 months and certainly in the last five years. So we have a leading position or a material position in every market of the world and that position has improved since we have become one Company.

Our most recent results year-end 2014 as one global Tools & Storage business looks like this. About $330 million of annual revenue growth or 6% organic growth, 90% of that growth came from new product development which is the lifeblood of this business and any consumer durables business. Our quality improved in the last year by an additional 5% from a market leading position to begin with to an even greater position.

Our working capital turns and efficiency improved by 16%. And then by a combination of volume leverage, productivity and new product development we improved overall profitability by 140 basis points and in the process of doing all five of those things grew at twice the market rate in 2014.

So to give you further confidence that this wasn't a one-hit wonder or a one and done scenario this is a five-year view of what has happened since we've put these two companies together in March 2010. We've grown our revenues $1.5 billion almost entirely organic or 5% average annual growth rate. 90% of that growth for a five-year period also came from new product development.

So that's hence the focus of core innovation that you'll see later from Mr. Bill Taylor and breakthrough innovation that you'll see from Ms. Stern Stephen Subasic highlighted already by Jim Loree. That is paramount to our future success and we feel really good about where we're headed there.

In five years quality has improved from a consistent level with all of our peers to world's best quality. In fact, the best quality we've had in our history as we sit here today and several hundred basis points better than anyone that we compete with.

Working capital turns have improved more than 100%. That has enabled us to make investments back into our business to fund things like commercial excellence, digital excellence, SFS 1.0, SFS 2.0, etc. So a great improvement and reinvestment scenario.

As a result of volume growth, productivity, new product development, profitability improved over 600 basis points in a five-year period from a trailing position to world leading position in profitability. And over that same time frame share has grown at 2X to market are a little more than 2X to market.

We've had growth in this time frame in every one of our strategic business units in every region of the world which says that our strategic priorities are in fact intact. The mission that has enabled this is very straightforward: to be the worldwide leader, meaning number one or number two position in everything we do in the world, but focused on five very finite things.

We could do any number of things, we choose to do a very limited number of things better than anyone in the world. Those five things are innovation, supply chain excellence, globalization, brand building and world-class organization.

So starting with innovation, which again is the lifeblood of any consumer durables but certainly this Company you can see that we launch more than 1,000 new products each and every year and it's not just about quantity, it's also about quality. We average 100 things each year that have never been done by anyone in the history of the world. And you think of the traditional nature of tools whether they be power tools or hand tools, doing 100 things every year that have never been done before is a high benchmark for success.

We average three new products launched each and every day of the year and we sell 25 products every second of every minute of every hour of every day of every month of every year. All that leads us to the distinction of being rated the world's eighth most innovative consumer durables company. So that's not tool companies, that's consumer durables.

You can see from the chart here Nike, LG, Samsung, Stanley Black & Decker. So we are truly world-class innovators with the propensity for more. We are also more than 50% more innovative than the next closest tool company.

Second element of the mission is around supply chain excellence. Our supply chain and manufacturing organization represents six continents, 42 manufacturing locations, 36 distribution locations all brought together around one theme which is Stanley Fulfillment Systems. And in fact this supply chain and manufacturing organization is more robust today than five years ago.

Five years ago we manufactured about 69% of what we marketed around the world. Today we sit at 85% of the products we take to market and we manufacture inside the four walls of our Company. And in fact we've taken a leading position around make where you sell.

Our belief is that the world continues to get smaller, demand continues to get larger, customer needs become more critical and as such we can best serve the market by making where we sell. We've put that to work already and you see depicted on my left and my right examples off our made in the USA, built in the USA strategy that has been incredibly successful and Jim O'Sullivan will provide and Robert Raff will provide more details later.

But in fact our objective is to make where we sell and into the future we see an opportunity to make 50% of everything we sell in a given market in that market. The opportunity is to be more responsive to our customers but also to play widely against the sentiment of local manufacturing which has been a huge key attribute of this built in the USA strategy.

The third element of the strategy is globalization. The percentages you see on the chart are the real results over the last five years. And so clearly we have grown in every major market of the world.

The reason this is important to us really is two reasons. First, if you're growing in every region you take the pressure off of anyone region and you have flexibility and the opportunity to make the right decision for the market rather than one market carrying the world. Secondly, if we're winning in every market of the world that means we're closer to the global end-user than anybody else and therefore we're firstest with the mostest with innovation that matters and is material.

Fourth element of the mission is brand building. In the last five years you can see that revenues around the Stanley brand have increased most 10%, revenues around the Black & Decker brand have increased most 15%, revenues of the DeWalt brand increased over 45%. Meaning all of our brands are working harder and more effectively for us today than they were five years ago.

We've also entered the 21st century with industrial design and logo treatment around two of our marquee brands, Stanley and Black & Decker. And you can see the depiction on the screen, those two changes have made a material difference in the way that the user perceives these two iconic brands in the global marketplace.

And then finally we've delivered more than 300 billion impressions with everything from NASCAR to professional bull riding to Major League Baseball to Chinese basketball. You name an event, we are there in front of the user where they live, where they were, where they play.

And so to this point you might ask yourself interesting strategy, I've not heard you mention your employees once nor your customers. That is because they are at the center of these things. We do innovation, brand building, globalization and supply chain excellence because our customers covet it the most, it is what they require the most.

And those things are only brought to life via world-class people, best-in-world assets. And as John said our people are our number one asset, our brand is number two. So that is the model that we follow and it has worked to this point and we believe has a future.

So our mission pretty straightforward, to be number one or two, to have focus on innovation, supply chain excellence, globalization, brand building and world-class organization. It is in fact the same mission that has led us from a $700 million hand tool company to a $7 billion global Tools & Storage leader. And as we stand here today this business represents the world's largest, most global, most innovative, fastest-growing, most efficient and most profitable tool company in the world.

It is very atypical at least in my experience for the world's fastest-growing to be the world's most profitable. It is also very atypical for the world's most innovative to be the world's most productive. We are blessed to have those six very important attributes inside the four walls of our business and our Company.

And I will end it just by saying that we are proud but never satisfied. Thank you.

Greg Waybright - *Stanley Black & Decker, Inc. - VP, Investor & Government Relations*

Thank you, Jeff. This concludes our strategy and business review agenda sections.

We are now going to have a Q&A session with the speakers you just heard: John, Jim, Don, Jim Cannon, JoAnna, Jaime and Jeff followed by a short break. And we do have roving microphones around the audience. So when it's time to ask questions, please raise your hand and ask the question, stating your name and the firm you represent.

QUESTIONS AND ANSWERS

Greg Waybright - *Stanley Black & Decker, Inc. - VP, Investor & Government Relations*

I'll moderate. Jeff.

Jeffrey Cannon - *Morningstar, Inc. - Analyst*

Thank you very much. Two questions really.

One for Jeff on the test case on putting DTS together and what drove the growth. So maybe you'd give us a little color on what actually happened to spark that growth.

And then just secondarily and on a different topic, why is 50% in country for country the right number? That still seems low on the low side to me for a global company such as yourself.

Is there some specific reason that that's the right number? Or is that just kind of a way station on a journey to some other point?

John Lundgren - *Stanley Black & Decker, Inc. - Chairman & CEO*

Jeff, why don't you take them both. But Jeff let me just say first on putting GTS together both Jeff Ansell and Jim Loree made the point that it was not about cost, importantly it was about growth. Because the cost savings were meaningful I would say not material it wasn't the tail wagging the dog.

But what I want to say is I personally was the hurdle on this one because in all humility CDIY was doing pretty well and so was IAR. So atypically I would say when this management team has a really good idea and it was Jeff Ansell and Steve Stafstrom and Jim Loree and a whole lot of folks I said guys, I'm not big on fixing things that aren't broken. I'm all ready for taking the next hill.

So we really tested this theory hard. And I've got to tell you the evidence was overwhelming and it made it really easy for me to support that decision.

And I just say that only because I'm not normally the hurdle or the roadblock to being progressive being innovation. They would tell you I was a little difficult on this one but the evidence just overwhelmed. But Jeff, let me turn it over to you.

Jeff Ansell - *Stanley Black & Decker, Inc. - SVP & Group Executive of Construction & DIY*

John is correct. He was difficult.

John Lundgren - *Stanley Black & Decker, Inc. - Chairman & CEO*

But that's atypical.

Jeff Ansell - *Stanley Black & Decker, Inc. - SVP & Group Executive of Construction & DIY*

I didn't even notice. That's just life. So the two answers.

I will start with the faster, quicker answer which is the question about domestic manufacturing or local manufacturing. I'm not here to tell you that 50% is in the end the correct number. It is the next spot on the horizon that we're targeting because at some point it could be greater or less than that.

We're not completely sure other than to say that if you take power tools as an example for this domestic US market where we sit today at 40% is 6 or 7 times larger in terms of percentage of any other manufacturer making power tools for this market. So we're well out in front of this.

Wherever it leads us it will lead us. If at some point in the future it needs to be more than 50% we will continue to fund it and feed it as long as we can be competitive and the market asks for it and absorbs it.

So it's a spot on the horizon. You have to have something to shoot towards. I will also say that 50% metric would put us in the leading localized position versus any of the global competitors in everyone of those markets I have mentioned, so that's the next objective to be number one.

The second question about GTS, the biggest driver I think was when you put two things together that are performing well you are solving for an opportunity versus solving for a problem which gives you a lot of degrees of freedom. And we feel quite good that this combination gives us the ability to serve a user that wants to be served as one Company.

So the same user that buys DeWalt power tools also purchases DeWalt power tool accessories, also purchases powers fastenings, etc., etc. by consolidating the way we go to market through distribution it gives us the ability to go from a trailing position with end-user conversion resource to a world leading position with end-user conversion resource, putting more people in front of the end-user to go convert business rather than multiple folks, multiple brands calling on the same distribution so that we're really changing our business model to pull it through the end-user faster and better than anybody else in the world. And that's one of the primary benefits of GTS and one of the primary benefits that led to the growth rates in the examples that I just provided you.

John Lundgren - *Stanley Black & Decker, Inc. - Chairman & CEO*

And Jeff, the only other thing I'd add to that in terms of testing that. And I'm sure everyone almost everyone is quite aware that in the emerging markets those clearly defined channels that JoAnna in her IAR role and Jeff in his CDIY role in the developed markets were so clear those lines are really blurry. So part of it was I will say getting out of our own way or just being more productive, more efficient, is it a CDIY customer or channel, is it an IAR customer or channel?

Well, it's both. And Jeff described it really well, the part of the theory or the case was testing it in emerging markets and seeing how well it worked. Or let me say it differently, eliminating an internal barrier because the market wasn't aligned quite the way that we were organized.

Greg Waybright - *Stanley Black & Decker, Inc. - VP, Investor & Government Relations*

Rich. Rich Kwas, right here up front.

Jeff Kessler - *Imperial Capital - Analyst*

Thank you. Jeff Kessler with Imperial Capital. Two quick questions.

First in advanced industrial solutions that were mentioned CribMaster, AeroScout and View were talked about in the context of fasteners. But it seems to me that if it can be talked about in the context of one division, this is cross-divisional technology innovation that could be applied I'm certain that you're looking at it in one division right now.

But it would seem to me that this can also given the fact that you're pulling this from different divisions, some from Security, CribMaster, from obviously from another spot and you're using it in one division, is this going to be used across the entire spectrum of companies inside of Stanley ultimately or will this be the type of thing where we're going to test this out for another couple of years, three years of four years inside of fasteners? Because it seems like there could be a productivity improvement that could be --

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John Lundgren - *Stanley Black & Decker, Inc. - Chairman & CEO*

We got it, Jeff. Jim is -- the answer is yes and Jim Loree is going to expand upon it.

Jim Loree - *Stanley Black & Decker, Inc. - President & COO*

AeroScout which we purchased about three years ago was actually generated out of the security business and it plays a really important part in the healthcare vertical. And that's where AeroScout's genesis was and its strength.

And so we took the technology from the healthcare vertical and we implanted it into another division that JoAnna is in charge of, advanced industrial solutions. So you're actually right on there is an opportunity and we are completely exploiting it. This RFID technology that we're just getting into now with View is also going to be exploited in the security verticals, in this case probably retail would be the most likely.

This phased array RFID technology plays very well in a big box kind of environment. So you have logistics, you have retail and those are probably two of the biggest in addition to the industrial where you have boxes like big factories.

So you're right on I think we've recognized the opportunity. The fact that we are an $11 billion diversified industrial company enables us to take these centers of technology excellence and distribute them across the Company. And in a digital world I mean this is a great advantage for us.

John Lundgren - *Stanley Black & Decker, Inc. - Chairman & CEO*

And I just think the only thing to add to that briefly I talked about why we like the security business and why is right to be in our portfolio. Much of what you just referenced, Jeff, and as Jim described started in security and has gone to our other segments. So is just a very important thing to always keep --

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Jim Loree - *Stanley Black & Decker, Inc. - President & COO*

Even the CDIY business is benefiting from these technologies. And some of the breakthrough innovation work that we're doing are availing themselves of the resources, the very same people that are involved in these technologies that you mentioned or in the advanced industrial solutions are helping out with the construction sites in the CDIY and what was used to be known as CDIY. So it is really, really disseminating across the Company.

Jeff Kessler - *Imperial Capital - Analyst*

One quick other question that is Anixter just sold its fasteners distribution business to a private equity. Is that just a blip for you given the fact that there are other distributors out there or do you deal with that to the extent that you're waiting to see what happens with a new buy?

John Lundgren - *Stanley Black & Decker, Inc. - Chairman & CEO*

We looked at that and the fact is we were on a hiatus or moratorium on acquisitions at the time. And we didn't fall in love with it for various reasons and the price was a bit high at the time. And so the fact that it was sold to private equity just gives us another option on it later so there's no rush.

It wasn't the right timing. We didn't love the asset and maybe we'll like it more after private equity does some work with it. So we will see what happens.

Rich Kwas - *Wells Fargo Securities - Analyst*

Hi, two questions. One is for Jim Cannon on retail piece of your Security business.

How are you thinking about the long-term implications at Amazon and online demand picking up? I know that's part of the core in terms of vertical focus. But A, how do you think about that over the next decade or so and impact on the business?

The second question would be for John and Jim. So the 10% growth rate which includes acquisitions, why is that number the right number? It seems to me you got a nice organic growth rate you could acquisitions can be lumpy.

Some years you could add a couple of points to the acquisitions and some years you could be 10%-plus with meaningful acquisitions. It seems like a high bogey and just wanted to get your thoughts on rationale behind that.

Jim Loree - *Stanley Black & Decker, Inc. - President & COO*

Let me talk about the second question.

John Lundgren - *Stanley Black & Decker, Inc. - Chairman & CEO*

Yes, Jim, go ahead and take the second one first and I think it's pretty straightforward and then Jim Cannon why don't you take the first one.

Jim Loree - *Stanley Black & Decker, Inc. - President & COO*

We've always a settled in with our long-term objectives of having double-digit revenue growth and it's served us pretty well over the last decade. We actually outperformed the 10%.

And when you get into the capital allocation and you start taking half of the revenue allocating it to acquisitions, building franchises and that sort of thing the way the math works out, at least historically, the way the math works out is it will give you 4 or 5 points of growth in addition to whatever you get from organic just through taking that cash and reinvesting it which is exactly what we did over the years. So with that approach if we get 4% to 6% organic and we get 5 points of growth on top of that we're right around 10%. And our EPS aspirations are in that sort of mid-teens to lower teens range and so the equation all kind of fits together with respect to revenue growth and earnings per share growth and just growth of the Company in general.

So we could be less ambitious but if we were less ambitious we would probably not achieve those sort of characteristics and quantitative performance. And our goal is to outperform over time and if we're going to outperform over time we need to generate earnings per share growth and cash flow growth along those dimensions. That's why we do it.

John Lundgren - *Stanley Black & Decker, Inc. - Chairman & CEO*

And importantly, Rich, as you pointed out it's 10%, we've been in business 172 years. It's going to be 7% some years and 13% others depending on when we make an acquisition, so as history would prove.

So I think Jim described it perfectly. But that's going to be the average target over time and roughly half-and-half. Jim Cannon?

Jim Cannon - *Stanley Black & Decker, Inc. - President, STANLEY Security North Americas & Emerging Markets*

And with regard to your first question we see opportunity in it. Retailers now have to be more competitive than they ever were before.

And in the past often times we were a grudge purchase. And when they would allocate resources on where to spend their funds loss prevention would often be at the bottom of that pile. But now with the tools that we can bring with technology the changes we can make retailers be more effective and hence more competitive in the experience.

We can help change the shopping experience. So we're evolving from what was just traditionally loss prevention and EAS kind of solutions to helping retailers figure out where customers are dwelling, how they move through the stores, how much time they spend in different parts of the stores. All of that can help provide intelligence for that big data predictive analytics to make them more effective.

Because they have to compete in a more fierce environment than they ever have before. So for us it's an opportunity as they get more pressure in their space to be more efficient. We have a lot of tools that can come to bear to assist in that.

Rich Kwas - *Wells Fargo Securities - Analyst*

So you view it as a growth area?

Jim Cannon - *Stanley Black & Decker, Inc. - President, STANLEY Security North Americas & Emerging Markets*

Yes, absolutely.

Greg Waybright - *Stanley Black & Decker, Inc. - VP, Investor & Government Relations*

There's a question right behind Rich. Robert?

Robert Barry - *Susquehanna Financial - Analyst*

Great, thanks, Robert Barry from Susquehanna. Two questions.

One I was curious to have a little more color on how you're thinking about forecasting the SG&A. It sounded like from the benchmarking you've done there's been opportunity to materially reduce some of the SG&A. But it also sounds like you're going to reinvest a lot of that in growth.

So maybe those two net out or approximately. So I was curious how you're thinking about that and its contribution to that 16% op margin target? And then I had another question on security.

John Lundgren - *Stanley Black & Decker, Inc. - Chairman & CEO*

Don, why don't you go ahead --

Don Allan - *Stanley Black & Decker, Inc. - SVP & CFO*

Sure. I'll take that one. I am going to give more detail on that later today when I present.

But our SG&A as a percentage of revenue at the end of 2014 was 23%. When you look at various benchmarks of other companies, different industries but similar in size, maybe similar structure as far as global nature you do have companies that are closer to 20%.

So our view is as we transform our function as Jim was describing there will be some savings that certainly drop through to the bottom line or enhance the profitability. But there will be a portion and it will be somewhat significant that does get reinvested into some of the things that you heard about and you're going to hear more about in the next module around commercial excellence, digital excellence and breakthrough innovation.

And frankly even a little bit of investment in the functions because to achieve some of those cost efficiencies you are going to need some investments. So it's going to result in a net impact that's positive but I'll give a little more granularity on that later today.

Robert Barry - *Susquehanna Financial - Analyst*

Great. And then I had a question on the security growth forecast 3% to 5%.

It seems pretty reasonable especially given you are starting from a lower base and I think you'd have the end market providing some tailwinds and it's probably appropriate to be reasonable. I know you've also got the monitoring business in there which is just inherently more stable and lower growth.

I was wondering if you could provide a little more color though on how you're thinking about that 3.5% kind of the color behind what's mechanical growing versus monitoring and what's North America growing versus Europe? Thank you.

John Lundgren - *Stanley Black & Decker, Inc. - Chairman & CEO*

Jim, do you want to --

Jim Loree - *Stanley Black & Decker, Inc. - President & COO*

Yes, why don't I take that. When I look at I think 3% to 5% is actually a balanced view of the business over the next three years, as you said we've had a little bit of inconsistency around organic growth. Although as you heard from Jim we're starting to get some good traction in that particular area.

Our mechanical lock business has really worked through that distribution model change. It's demonstrated some nice organic growth just in the past quarter. And so I think as we think about that business that's a business that will probably grow in line with that 3% to 5% the mechanical piece of it.

Then you have an automatic door business that somewhat similar to that, probably grow a little bit less maybe 2% to 4%. But that is a mature market in the United States. And then you have the bigger component with the electronic security.

And that's a business that has two components. It has the large vertical piece that we're going after which are large jobs, has significant amount of sites, multi-locations and then you have a core business that's more steady smaller business transaction that has a lot of RMR content.

That RMR content doesn't necessarily grow at as big a percentage but it will probably grow 2% to 3% and maybe even 4%. And then you will have the vertical installation piece which will be larger and you are going to have that probably growing at the higher end of that range. All the mix of all that is going to get you about 3% to 5%.

The European component of it will probably be at the lower end of that range but we'll see over time. Our expectation right now is it's a relatively when we view the markets over there the economies are probably just going to be flat, maybe slightly positive over the next two to three years. So if we can demonstrate a little bit of growth, maybe 2 to 3 points, it will be slightly above market and it will all of that will fall into that range of 3% to 5%.

Greg Waybright - *Stanley Black & Decker, Inc. - VP, Investor & Government Relations*

Go back to the section in the front row. Jeremie.

Jeremie Capron - *CLSA - Analyst*

Thank you. Jeremie Capron at CLSA. This question is for Jeff on the tools business, you've had a very good marketshare gains over the past several years but more particularly in the past four to five quarters very strong growth last year outpacing the market.

I'm wondering how much of that is due to a product cycle that would be more temporary in nature? And I also noted that you didn't provide any growth targets, multiyear growth targets for your business.

How should we think about it? You mentioned growing at twice the market rate, is that a reasonable assumption for the next few years?

Jeff Ansell - *Stanley Black & Decker, Inc. - SVP & Group Executive of Construction & DIY*

I will take the question about the recent growth and what's driving that. And then I think our objective for growth over the coming years is consistent with the guidance that Don has already provided.

So if you think about the new product development that I've shared with you today the innovation, the core innovation, the big swing innovations leading to breakthrough innovation it's like anything else, it's momentum. When you have momentum it builds upon itself. It has inertia.

And we've gotten better and better every year for the last five years to the point today where our quality is the best it's ever been, our meaningful innovation is the greatest it's has ever been, our time to market, speed to market, shorter than it has ever been. And the combination of all those things have enabled us to win broadly across all markets from a technology perspective.

Our cordless business which is one of the drivers in all this has never been bigger bigger than it's ever been in our history and our position in every market of the world is in the same position. The customer partnership that comes with those things, so if you have the world's best innovation and world's best customer partnership those two things together deliver greater than market results.

So if you look at the last three quarters we've averaged 9% to 10% growth, organic growth in those quarters and we think that's probably approaching 2.5 to 3 times market. Now the comps become more difficult when you have three consecutive quarters like that, so our view is we probably have quite a good opportunity to be at twice the market this year, that market we think will be roughly 3%, 3.5%. We should probably target twice that market growth and we're on track to do that through the first quarter as you've seen.

You will see more evidence from John Wyatt, John Cowley, Jim O'Sullivan and Robert Raff on some of the customer partnerships that combine with that innovation really have led to those types of results. And we feel quite good about it and we think it's a sustainable model going forward given that all those initiatives have led us to 15% market-leading growth or marketshare.

There's more in front of us than there is behind us at this point. And I think I've answered the second question as well in terms of what we're thinking about for future growth.

John Lundgren - *Stanley Black & Decker, Inc. - Chairman & CEO*

I think it's also worthy of mentioning you mentioned cordless but within cordless DC brushless. So we have a tremendous first mover advantage in that area. You might want to talk about that a little bit.

Jeff Ansell - *Stanley Black & Decker, Inc. - SVP & Group Executive of Construction & DIY*

Well Bill Taylor will give us some greater clarity but our cordless is growing at twice the market rate in total. Our brushless which is the newest technology is something more than 100% -- over 150% faster than the market. So Bill will give you more clarity around those things but that's the point is that with performance that is over 50% better than the competitive set the user has adopted it much faster than we thought.

We've made capacity investments to the point where we are now in year two of those brushless products and we are at year five of our capacity expectations. So the market is absorbing it. We're keeping pace with that and it's leading to share gains for us and we think that is quantifiable even into the future.

John Lundgren - *Stanley Black & Decker, Inc. - Chairman & CEO*

Yes, and then the last thing that I'm not sure if you mentioned or not but we talked about the integration of IAR and CDIY into GT&S. There is revenue synergies for lack of a better term the come with that.

That is as you said and was implied in what you said that's why we did it. And so that's going to help as we go forward, too. Those revenue synergies have yet to materialize.

Jeff Ansell - *Stanley Black & Decker, Inc. - SVP & Group Executive of Construction & DIY*

Absolutely true.

Greg Waybright - *Stanley Black & Decker, Inc. - VP, Investor & Government Relations*

Cliff?

Cliff Ransom - *Ransom Research - Analyst*

Cliff Ransom, Ransom Research. Not many enterprises have a core competency which you have which is the identification and integration of acquisitions. And I've commended you on your moratorium, I would like to talk about you're now talking about ending that moratorium on acquisitions.

Can you tell us how much of that is related to your confidence that you're close to a decision point or an endgame in security? And then just as a final comment I just wanted to say in a week when it was very hard for the press to translate snafu I'm very upset that there's no fubar in the room.

John Lundgren - *Stanley Black & Decker, Inc. - Chairman & CEO*

We agree with you on the second point but we've gotten in trouble with that before. On the first one Cliff part of what you've implied is correct. Simply said we had some executional issues to fix internally and you followed our Company for a long time.

But everyone in the room is aware and Jim has been really clear over the years when we look at acquisitions we look at three things. We obviously look at strategic fit. There is still plenty out there and you see the areas we're going to focus in.

So the pipeline has if you will stayed full. All of our BD team, we didn't dismantle our BD team. We had them focus on integrations and things of that nature.

Corbin Walburger, our Vice President of Business Development, is here in the room and his folks around the world have been busy. So the pipeline is there, number one.

Number two like everyone knows we have the financial hurdles of course, can it be accretive, can it reach our CFROI and our margin capabilities? But the third one that I think is incredibly important is often overlooked is organizational capacity.

And we felt that our organization was spread particularly thin. And irrespective of European securities, security its value we depleted our bench of capable executives and backfilling much to talked about void in management in European security.

And as a consequence we didn't feel that we had the organizational capacity to take on another acquisition of size. As Jim talked about several really good opportunities we looked at we just passed on because we said we just don't want to lay -- we don't want the straw to break the camel's back until we get our own house in order.

Simply said and Jim Cannon described it we've got a great team in place. The trends are in the right direction if they continue in the right direction, particularly in areas outside Security, Engineered Fastening consolidation of tools and things of that nature.

I think we've demonstrated the capability and we have the organization to look at taking some things on. So it's far more to do with organizational capacity than it is any changed views on security.

Cliff Ransom - *Ransom Research - Analyst*

But it doesn't it also relate to your confidence Security --

John Lundgren - *Stanley Black & Decker, Inc. - Chairman & CEO*

Of course it does. Of course it does.

Greg Waybright - *Stanley Black & Decker, Inc. - VP, Investor & Government Relations*

We have time for one last question in this session. Anybody else? All right.

We will break. We are going to start again at 11:10, promptly 11:10 a.m. so we can stay on track. Thank you.

(Break in progress).

PRESENTATION

Greg Waybright - *Stanley Black & Decker, Inc. - VP, Investor & Government Relations*

Thank you. We are now ready to begin our next session a blueprint for the future covering SFS and the elements of SFS 2.0. Our first speaker will be Steve Stafstrom, VP operations for Global Tools and Storage and Emerging Markets will kick off this section by reviewing core SFS. Steve.

Steve Stafstrom - *Stanley Black & Decker, Inc. - VP, Operations, Global Tools & Storage*

At Stanley Black & Decker we believe the best way to grow our Company profitably is to deliver value to our customers at levels the competition can't match. To that end the Stanley Fulfillment System, SFS, is our way of doing business.

The Stanley Fulfillment System is our continuous improvement vehicle. SFS is a mindset innovating how work gets done to deliver ever increasing value to our customers and shareholders. SFS is a tight coupling of doing work and then learning to do work better.

The Stanley Fulfillment System is our competitive advantage for creating breakthrough customer value.

As an SFS leader we focus our attention on improving key process drivers. In the early years of SFS we focused on service excellence and we provided step function improvements in customer satisfaction. We then focused the organization on cash efficiency, nearly doubling working capital turns not once but twice.

Today it is important that we pivot to a growth culture but that we hold those gains from the past. We will continue to use the Stanley Fulfillment System to shift the Company to the next level of effectiveness.

But make no mistake advancing Core SFS still remains priority one. Why? Because SFS, the Stanley Fulfillment System, is a winning formula. Sales and operations planning is the sinew that connects our commercial and our supply chain team. Operational lean is how we connect the shop floor to our customer through demand pull systems. Complexity management, we only allow the business complexity that our customers are willing to pay for.

And global supply and management, yes, cost is a big consideration, but risk, responsiveness and reliability take on more importance than our global supply chain. And then order to cash excellence, and this is our singular focus to create a flawless customer experience. But in the end, if we have all these tools working in concert we will deliver 10 working capital turns.

We believe everything we do to create value for our customers and users ultimately creates a more valuable enterprise. Our continued success will be firmly rooted in the principles of poor SFS, but we intend to augment our core with the elements of SFS 2.0: digital excellence, world-class innovation, commercial excellence and functional transformation.

We will continue to evolve the Stanley Fulfillment System to assure that we win in the marketplace. Thank you for your time today.

Greg Waybright - *Stanley Black & Decker, Inc. - VP, Investor & Government Relations*

Next up to cover digital excellence is JoAnna Sohovich, President of Engineered Fastening and the leader of our digital excellence efforts.

JoAnna Sohovich - *Stanley Black & Decker, Inc. - President, STANLEY Engineered Fastening*

Hi, everyone. Well, you already know my name and that I run the Engineered Fastening business. What you may not know is I've also been asked to craft the strategy and implement our digital excellence program across all of the Stanley Black & Decker businesses and functions.

Although right now we are at the start of our journey we are well aware of the technology trends taking hold across categories that are changing the way our customers live, work, play and engage with our brands and products on a daily basis.

Digital technology is impacting our world with a mind blowing rate of change, driving ever greater levels of connectivity for our products along with everybody else's. And while today there are fewer than 10 connected devices per household, think computers, TVs, cell phones, we expect there to be more than 50 by 2022, perhaps even sooner.

In fact, smartphones alone are growing at a greater than 30% compound annual growth rate and there are 75% more smartphone users today than there were in just 2012. We expect by 2020 over 80% of those smartphone users will be in the emerging markets. All of these devices are producing a nearly unfathomable amount of data which drives the big data and analytics industry.

At Stanley Black & Decker we view digital technology as an incredible opportunity to continue to drive growth across our businesses. This growth potential exists in part because of the disruptive nature of digital technology.

We think the impact of digital is in three main groups of trends. Across the top row in gray, the exponential increases in the amount of data being generated, analyzed and consumed, supported growth in cloud computing and the shift toward local and mobile use of data.

Along the second row this data is also being generated as a result of ever-growing consumer and customer expectations to drive connectivity as well as performance, which changes the way we design and build our products.

In the bottom row, these more powerful devices are also changing the way consumers perform their work and, as a result, the way they interact with our products via device interaction models and augmented reality.

These trends are shaping the way our future -- and we are proactively taking steps to understand them, embrace them and integrate them into how we think about new possibilities for products and services that we bring to our customers.

We know that it is critical that we stay in front of these trends. There is to make stories about the incumbent market leaders across industries being upended by smaller nimbler players with an attacker mindset. The digital excellence initiative is all about embracing new possibilities and testing and learning from new business models.

You have heard it before in many of the presentations, it is the never satisfied mentality that we embrace. And we know hindsight is 20/20, but there have been accomplished managers and companies that have underestimated the power of digital and disruption and paid the price.

You can consider a classic example of Blockbuster, who in the year 2000 was quoted as saying that they are frankly confused by this fascination that everybody has with Netflix, neither Redbox nor Netflix are even on the Raiders screen in terms of competition. Less than a decade later Blockbuster declared bankruptcy and now Netflix has a market cap of over $20 billion.

It is not just media companies though. You have all witnessed the rise of companies that are household names today like Apple and Amazon. However, we don't often think about the fate of the companies that they displaced. The cost of inaction and the stakes are clearly both incredibly high matched only by the size of the opportunity that lies before us.

Now we aren't the people in our industry that see this opportunity. Our competitors, trade partners and new market entrants are also experimenting with digital technology in ways that could impact our business. They are all making bets with digital, but we are paying attention and we are not standing still.

digital excellence is our approach to embracing digital which, as you heard from Jim Loree, we have defined as leveraging the power of emerging technologies across all parts of our businesses to drive new sources of advantage for Stanley Black & Decker. Within that we are focused on four key trends and their impact on every facet of our business.

In that context we are working to build new competitive advantages with digital including one-to-one end user relationships, that means understanding our end-users and designing, marketing and selling to segments of one.

Greater speed and efficiency both for our own operations as well as for our customers using our digital tools and services.

Multi-channel which is aspiring to ubiquitous and relevant presence with our customers across channels to deliver unparalleled experiences, as Jim Cannon referred to earlier.

Employee collaboration, this is providing our staff with the tools and resources needed to share ideas and compete in a digital world.

We recognize that there is substantial room for us to grow and develop in digital. We are taking steps to invest in this space and one of the most significant and sustained investments we are making is in what we call the digital accelerator team. This team helps infuse digital into each of our businesses and build it into our DNA.

They'll be tasked with three responsibilities. First, building internal capabilities by creating its own talent pool and the talent across our businesses while also establishing new toolkits, standards and processes to govern these items.

Second is strengthening the core IT and technical competencies of our business units by identifying areas that we need to shore up investment and protect or strengthen some of our foundational assets and capabilities.

And lastly, develop breakthrough opportunities with the businesses which includes disruptive new business models, connected products and new applications to help build stronger relationships with our end-users and customers.

So as we embark on this journey we are confident in our ability as an organization to embrace digital. That confidence is a product of our existing market leadership and customer relationships across the industries that we operate in. Our legacy is strong innovation and unique technologies in a number of different disciplines, including digital, and the strength of our people and our management to embrace change and execute effectively.

It is also important to recognize that many of our businesses are already in digital today. Take for example our STANLEY Security retail vertical which works with its customers to provide a software and analytics layer on top of the traditional hardware and monitoring services traditionally deployed in that space.

The potential of what we can do in our traditional businesses as we infuse new capabilities from the accelerator and other unique technology assets, such as our advanced industrial solutions business mentioned earlier, is very exciting. The two pronged approach of leveraging those technologies across SBD's portfolio while also bringing them to market directly is a unique capability and an untapped opportunity for us.

So in parallel to the breakthrough growth opportunities in front of us, the accelerator team will play an important role in capability building across our teams. They will be incubating a core set of capabilities that is centralized in support of all the businesses.

We see a handful of capabilities that includes talent, best practices, processes and the platforms being used to get the job done as it is incubated in the accelerator, matured and then transferred back into the businesses over time.

In conclusion, based on our investments in smart tools, digital excellence and our core businesses we are confident that we will capitalize on the growth opportunity represented by digital. Thank you.

Greg Waybright - *Stanley Black & Decker, Inc. - VP, Investor & Government Relations*

Frank Mannarino, President Professional Products for Global Tools & Storage, will provide an example of digital excellence within the global tools and storage business.

Frank Mannarino - *Stanley Black & Decker, Inc. - President, Professional Products, Global Tools & Storage*

Good morning. Again, my name is Frank Mannarino, we will talk about digital excellence within new product development. Specifically we will talk about tool connect. Why tool connect, what is tool connect, the end-user benefits of tool connect? Play a quick video and do a quick demo and then we'll talk about how we utilize tool connect moving forward.

So why tool connect? We project by the end of 2015 that 80% of our professional end-users in the United States and in Europe will own smartphones. Question is, how do we take and harness the technology in these smartphones? We believe it is through a new app and brand-new battery packs that we have developed called tool connect.

What are the user benefits of tool connect? What tool connect does, it allows the users to connect to their tools, control their tools as well as get alerts from their tools. And now I'm going to play a quick video of tool connect to explain exactly what it is.

(Video playing) What is tool connect, a way tool connect your DeWALT products to your mobile device. In 2015 DeWALT will have an initial launch with the tool connect app that will be introduced for Apple and Android devices linked to DeWALT 20 Volt Max batteries.

Why tool connect? Real-time information on battery packs as well as a way to control and customize, suppose you leave at the end of the day and want to disable all the your packs. The disable all feature allows you to turn off the battery so no one can use them.

If you need more information on the state of the battery go to the diagnostic screen and you will be able to see the battery health, temperature and state of charge.

Want even more control? Go to the actions tab, here you can request an alert on your mobile device if the battery goes out of Bluetooth range. You can also automatically disable the battery if the pack goes out of Bluetooth range. These are just some of the features with DeWALT tool connect. (End of video).

I like videos, but there is nothing quite like live demonstrations. So here is a tool, I have already paired the device to the tool, the tool is operating normally. Let's say the user wants to go on lunch break. He hits the disable all button. The device will communicate to the pack, the blue light comes on, shuts the tool down so nobody can mess with the user's tools during lunch. Comes back from lunch break, he hits the enable all button, will communicate again, the tool is ready to function.

Other features within tool connect -- it has signal strength. So let's say it is the end of the day, the user is putting all their tools back in their truck. They quickly scan down the signal strength, the number of bars they have. If the bars are full that means the tools are in their truck and are very close to where they should be at the end of the day.

We had a user testing out the product, scanned down the list. Everything looked good except for one tool. He realized his one tool wasn't present, walked back around to the jobsite, looked under the deck that he was building and there was his impact driver. So we saved the user the frustration of either losing his impact driver or having to replace his impact driver. Those are just some of the functions within the tool connect app.

So how do we utilize tool connect moving forward? Well, the good news is the 20 volt battery packs that we have developed fit in all our existing 20 volt tools, we have over 50 tools on the platform, as well as any new tools that we launch in the future tied to the 20 volt system.

And the data that we can collect from tool connect can lead us to developing new products, communication to the users as well as problem solving for the users. If the user has a tool that goes down on a jobsite through the tool connect app they can go in and search for the nearest local service center to get their tools repaired.

So it really does give us a new level of end-user interaction. That is why we are so excited about tool connect. Thank you for your time this morning.

Greg Waybright - *Stanley Black & Decker, Inc. - VP, Investor & Government Relations*

Our next two speakers will cover innovation, with the Bill Taylor, President of Power Tools for Global Tools & Storage, discussing our brushless leadership in power tools.

Bill Taylor - *Stanley Black & Decker, Inc. - President, Power Tools*

Well, good morning. Jeff Ansell referenced how important core innovation is to our current business. And I want to speak to one particular area of core innovation and that is cordless, the largest and fastest-growing business in our industry. And that (inaudible) has always been driven by advancements in technology versus [mower] technology we're again transforming this industry.

I want to spend a few moments on how we are capitalizing on the potential of this technology. I'm going to touch on four things: one, what is brushless technology and what are the benefits. More importantly, what are the benefits to our end-users. Third, how are we going to maintain our leadership position in cordless with a very fast-moving technology through design simulation tools. And finally, how we are using this technology to transform markets.

So, at the end of the formal presentations, for all of those who would like to, I will walk you through the design differences between a brushed and a brushless motor, but for now it is only important you understand you have significant advantages.

They are highly efficient. They have greater power density, generate 30% to 50% less heat. And these tools can be fine tuned to specific tools and applications due to the electronics content. The important point is, brushless motors have significant benefits to our end-users.

End-users always want more power and longer run time. And they want more runtime and power because they went to use their DeWALT cordless tools for every application on every jobsite if possible. They also want those tools to be smaller.

Now clearly these things are often in conflict with each other. Example, delivering more power, absolutely not a problem. But it usually comes historically at the cost of run time or a larger tool. And that is why brushless motors are such an important technology, because it allows us to deliver on every one of the user needs.

We can deliver significantly more runtime, up to 100% more runtime depending on the tool and the application. We can deliver significantly more power. And we can deliver that runtime and power actually in a more compact package. It is the end-user benefits that are driving the growth in our brushless portfolio.

Brushless tools represent about 20% of today's cordless tool market. Our brushless portfolio has grown 167% from 2013 and 2014 and we are still on a very high growth trajectory. We are leaders in brush -- in cordless, we are a leading industry in brushless. Our cordless business is growing twice the market rate.

So, how do we maintain a leadership position in a fast-moving industry? Well, one key enabler for us, our world-class design simulation tool. Computer aided engineering, the [science] created computer models to accurately predict the performance of reliability of power tools.

Now the model you see running in the background happens to be one very small component of rotary hammer. A rotary hammer has up to 200 high tolerance components.

Now the only way of doing this engineering work would be to design the tool, build a series of prototypes, run them through your test protocol to find all the weak spots, redesign, reprototype, retest and so forth until you got it right.

With computer aided models that we have established we can generate leadership performing tools in far less time than we did just a few years ago. And we continue to make significant strides in the predictive capabilities of these models and our new product development cycle times.

We use these models for everything: motor performance, impact mechanisms, transmissions, thermodynamics, drop tests, and every other aspect of power tool design. There is no doubt between our brushless motor expertise and our design simulation tools we can transform this industry.

And I think a good example of that is the DeWALT 20 volt brushless drywall screw gun. Now this drywall screw gun can drive 5,800 screws on two charged battery packs, enough for the most demanding end user. And it will drive those screws at the speed of a corded drywall gun. The first real viable alternative to a corded drywall gun and it takes one more cord set off the jobsite.

The same is true for the DeWALT 20 volt brushless framing nailer. It will shoot 700 three inch nails on a charge. Clearly the first viable alternative to a gas driven framing nailer without the expense, smell and maintenance associated with gas. It endures all the performance this end-user needs without dragging a pneumatic tool compressor and a hose on the jobsite.

One more example I might offer this morning is DeWALT outdoor power equipment. So transforming gas markets to cordless markets. One DeWALT battery pack will deliver approximately the same runtime as a tank of gas with all the benefits of cordless -- no emissions, no noise, easier to use, less maintenance.

So there is no doubt that brushless motors will transform the market and Stanley Black & Decker is in an absolutely fantastic position to advance our leadership position by capitalizing on new technology to shape the future of our industry. Thank you.

Greg Waybright - *Stanley Black & Decker, Inc. - VP, Investor & Government Relations*

Now up is Stephen Subasic, VP Human Resources for Global Tools & Storage and our breakthrough innovation leader.

Stephen Subasic - *Stanley Black & Decker, Inc. - VP, Human Resources*

Good morning. World-class innovation starts first with robust capabilities to translate end-user requirements and features into our product plans. We leverage well developed processes to rapidly deliver market-leading next-generation products across our portfolio. This evolutionary approach is often referred to as linear or incremental innovation. And Bill Taylor just highlighted great examples of this in his review of our brushless portfolio.

This type of innovation is also represented by the core expansion and big swing innovation examples on the innovation continuum on the right of the slide. Our capabilities in these areas of innovation are world-class, as evidenced by our number eight ranking by the Patent Board for the most innovative consumer products company.

And while we are very proud of those results and recognition, we also recognize as a learning organization the opportunity to augment our core strength in linear innovation by pushing further out the innovation continuum.

Just as Netflix transformed their industry overnight, we know that we too must lead in breakthrough innovation, augmenting our core linear capabilities with a disruptive attacker mindset. Identifying opportunities that go beyond the incremental, pushing further to the right towards disruptive innovation represents our most significant opportunity.

This quote from the Innovator's Dilemma highlights both the opportunity and the business imperative for leading in linear innovation as well as breakthrough. And the quote reads: The very management practices that have allowed companies to become industry leaders also make it extremely difficult for them to develop the disruptive technologies that ultimately steal away their markets.

History has demonstrated that companies who do not embrace the opportunities of breakthrough innovation face significant risk from industry disruption by competitors or startups. And it is with this in mind that one of the key elements of our SFS 2.0 strategy is devoted to strengthening our breakthrough innovation capabilities. Our strategy is very clear, and the path to activating this model was then shaped by learning from those who lived in breakthrough innovation.

To best understand the breakthrough disruptive innovation model we had leaders from across our business spend nearly five weeks participating in innovation immersion sessions in one of the epicenters of breakthrough innovation, the Silicon Valley. The benchmarking activities confirmed our direction and helped us in designing an organization and structure that models the most successful breakthrough innovation practices.

In particular, we heard repeatedly about the requirement to have a dedicated team with a disruptive mindset who embody the speed and agility with which startups move. With this as our backup we launched the special forces breakthrough innovation team. Our goal with the special forces team was to create a Silicon Valley inspired model that would scale across the Company embedding the characteristics of a disruptive mindset throughout our business while continuing to grow and execute our core innovation.

From an implementation perspective our Global Tools & Storage business was selected as the launch point for our special forces team. We saw firsthand the opportunities presented by the dedicated breakthrough innovation model following the successful launch of a micro pilot in 2014.

Our early success with the model enabled an accelerated launch of the dedicated team whose structure and operating rhythms are distinct from our core business units. They are also based at an off-site location modeled after the many startups we visited during our trips to the Silicon Valley. Today this group has scaled beyond the pilot phase and is working on a robust portfolio of opportunities in the breakthrough space.

Our problem statement identification processes, rapid experimentation, accelerated prototyping are key enablers for this elite team of innovators. This has all been accomplished while maintaining the momentum within our core -- within our core businesses who continue to fuel our investments with their market-leading innovation.

We are also concurrently focused on the overall culture of innovation, enhancing collaboration and employee engagement. One of the consistent characteristics of the most successful innovation companies is a robust internal culture of innovation and employee engagement. One area of emphasis to drive engagement is collaboration.

To enhance the pace and level of collaboration we are leveraging an enterprise wide technology council which provides the framework for linkage between our core innovation teams, technology leaders and the leaders of our breakthrough and digital excellence teams.

While the technology council is a great enabler for engagement with our innovation and technology leaders, we know from our benchmarking that broader employee engagement is also one of the critical success factors in expanding an innovation culture and mindset.

As a result we are introducing more avenues for employees to participate in the innovation process including the launch of our innovation portal. This portal will serve as the hub for internal innovation participation, leveraging elements of social crowd sourcing, gamification and other features to engage our employees in innovation and problem solving.

Today our special forces organization is off to a great start and building momentum with early successes already translated into results. As we look forward to breakthrough innovation model will be further expanded and leveraged across the enterprise starting with the incubation of talent from other parts of the organization.

This model will fully indoctrinate innovation leaders from each of our businesses who will then be redeployed to serve as champions for the breakthrough innovation strategies within their respective businesses. As we look forward into the future we envision a fully integrated breakthrough innovation network providing accelerated leverage of emerging technology, capitalizing on co-development opportunities and implementing world-class organic and breakthrough innovation processes.

In summary, we will continue to build on our core strengths by providing industry-leading products and solutions across our portfolio. This includes driving through new to world innovation within our core businesses firmly rooted in our first to file mentality, protecting our differentiated intellectual property.

Concurrently, we will scale our breakthrough innovation capabilities across Stanley Black & Decker, augmenting our well-developed and highly successful core innovation processes. The combined effect of this multifaceted strategy will enable greater coverage across an expanded innovation continuum with enhanced focus on the early identification of breakthrough opportunities.

We have great momentum today and we look forward to sharing our progress with you in the future. Thank you.

Greg Waybright - *Stanley Black & Decker, Inc. - VP, Investor & Government Relations*

John Wyatt, President Global Sales & Marketing for Global Tools & Storage, will kick off this section's final topic, commercial excellence. John will be followed by three Global Tools & Storage leaders who will provide examples of commercial excellence in practice.

John Wyatt - *Stanley Black & Decker, Inc. - President Global Sales & Marketing*

Thank you. Good morning, everybody. So we heard early this morning from Jeff Ansell how the global tools and storage business is growing twice the market and it has done it for five consecutive years. And a large part of that has been a relentless focus against what we call our commercial excellence. So as Greg says, this next section is for us to explain to you and share with you what commercial excellence means here at Stanley Black & Decker.

Simply put, it is really about delivering capabilities, processes and structures that enable us to grow ahead of the market, profitably grow ahead of the market. And we have identified seven key levers or pillars that enable us to do that and we are exploiting.

The first is customer insight, really how we segment the market. The second is around innovation and developing solutions for our end-users. The third is brand marketing, so really improving (technical difficulty) through some of these now, give you some examples to bring them to life in terms of how they are impacting and really driving this growth that we are so excited about in the Global Tools & Storage business.

So the first one around customer insight. We service a vast number of end-users from the homeowner through the residential construction worker, the industrial or automotive worker as well. And we have the best understanding of those consumer needs, we believe, across the globe. And that enables us to offer tremendous solutions to the everyday issues or problems that they face or tackle.

Issues like simply tool storage, so how do you keep your tools safe and secure? Well, we have the Stanley toolbox for the homeowner through the tough system the [wheeled] DeWALT tough system for the job site worker that is both waterproof and maybe even has a radio on it. Through to Pfister, Vidmar (technical difficulty) products that service the military enterprise, industrial complexes, hospitals and also workshops, for example. So offering solutions across this vast array of end-users.

The second is around innovation and Jeff Ansell talked about this global world beating innovation machine we had earlier. 1,000 new products a year, 100 world firsts, 25 new products sold every second. So this is tremendous for us in the commercial excellence world, but we also take these products and put selling solutions behind them.

The example I would give you now would be concrete, a global material used in building. We have DeWALT hammers to work the concrete, accessories to cut the concrete and now fastening systems to fit. So bringing total solutions to our end-users in an innovation sense, a great pillar for commercial excellence.

The third is brand marketing. We have the most recognized, the most loved brand portfolio in our industry globally. This example would be DeWALT where we have (inaudible) into a new space or in adjacency if you will in terms of hand tools a couple of years ago. And this product is now globally available, $300 million of incremental sales since launch.

But there are other examples in this room which I'm sure you will see later, be it Stanley FatMax power tools, which John Cowley will talk to shortly, or Bill just showing us earlier the DeWALT outdoor range. So really leveraging these brands that we have that are so well loved in our industry.

The next pillar is around pricing and promotion, enabling us to grow with intelligent pricing, dynamic promotions. This example here is our built in the USA product portfolio and Robert Raff will be explaining later today the initiative we have behind growing this particular portfolio, so $580 million worth of product shipped since launch, 5,000 displays. And he and his team are developing end-user engagement for this new product line, but it is just the beginning of a journey in terms of building new products here in the United States.

That next pillar which we are really keen on is the salesforce deployment, so optimizing our resources in the field. The key here is having an agile and flexible team. So for example, in challenged or even declining markets or buoyant growing markets we're able to adapt our way that we go to market for best effect.

So an example here would be Iberia, a very, very challenged market. Indeed construction in Iberia is down at levels not seen since the 1950s. So a couple of years ago we changed our model, we moved away from a direct sales force to an incentivized agent model. And in so doing we were able to put more people into the field and you can see the results -- a 19% growth last year, it was 15% the year before in a very depressed market, so clearly share gain is working for us.

Another would be central Europe, a buoyant market. So markets like Poland, Romania, Chechnya and Hungary where we have more customers today, we have invested in the sales team to go direct and you can see the results clearly. A huge uplift in terms of our sales and volumes.

The sixth pillar is what we call channel partnering. This is a really important growth engine for us. We want to partner with the best, the strongest new partners and growing partners to enable us to bring our products to market. This example is in Australia, this is called Bunnings where 24 months ago we sat down with the senior team and through a series of Top2Tops we engaged with them to understand what would be a real growth engine for them.

We identified actually targeting the pro user in this big-box retailer. And with a 360 degree approach, building new displays in store, really getting the NPI out that we talked about earlier, with marketing, media, sponsorship, etc., we grew that business 24% last year, 24%. And in fact, the brand was one of the fastest-growing brands across their entire category in that particular Company.

So partnering is really key. You hear again from that teams specifically from Jim O'Sullivan in terms of what we are doing across North America and from John Cowley with partnerships in the European business.

And the final pillar which I really believe is critical here is around customer service in terms of that product service engagement. We have over 1 million engaged customers in terms of direct user interactions, whether that is on the job site demonstrating one of these new products you have seen today, or actually servicing a torque wrench, for example, recalibrating a Proto or a Mac or a Facom torque wrench in one of our global service centers.

And this is really important because it really does bring confidence to the end-user and gives them a sense of loyalty that we have together such that we service those products and they will come back again and again to buy our products over the lifetime of their work in one of these industrial environments or residential construction environments. So that one is really, really important to us, delivering this promise of service.

If I simply put what commercial excellence is to us as a team it is this -- it is serving our customers the way that they want to be served and only as we can serve them, using these seven pillars of commercial excellence.

That is what we are doing in the Global Tools & Storage world, but we are excited to say that this is also something which we are embracing as a Company enterprise wide as part of this SFS 2.0 initiative which Jim and John have talked about earlier today.

So we've heard about two small examples that are growing for us in the wider enterprise from JoAnna Sohovich in terms of the partnering with OEMs in the global automotive space and Jim Cannon with the consumer insights that he and his team are developing in terms of the vertical in Security.

So we are very excited about this growth engine in commercial excellence and it is going to really help us drive future growth as part of this SFS 2.0 initiative. So thank you.

Greg Waybright - *Stanley Black & Decker, Inc. - VP, Investor & Government Relations*

Up now is Jim O'Sullivan, President North American Retail.

Jim O'Sullivan - *Stanley Black & Decker, Inc. - President, North America Retail*

Thank you, John. 2014 was a really strong year for our North American Retail sales operations. We achieved record levels of sales and turned record levels of market share and we did that by focusing on our customers, working on our customer partnerships, striving for commercial excellence and perhaps what is most exciting to me is that we've carried that momentum into 2015.

When you look at partnering and partnerships there are a variety of things that factor into it, certainly more than what has shown up on the slide. But it is everything from new products to innovation, customer alignment, collaboration. But without a doubt, the number one factor influencing a partnership is growth. That is growth for our customers, that is growth for Stanley Black & Decker. As we say, with growth all things are possible.

So how are we doing this, how are we growing in North America? Well, we think there are three key drivers to the strategy: one is cordless; two e-commerce; and the third is what we call creating brand leverage. Let's start with cordless.

In North America we have over 30 million users in our cordless system today. That is two times larger than our closest competitor in North America. We are growing at two times the rate of the market and once every 2.2 seconds we sell another cordless tool. We do this by focusing on the do-it-yourselfer, the tradesmen and the pro end users with our Black & Decker, Porter Cable and DeWALT brands. And what you can see up on the slide is how we go to market, how we execute delivering a cordless system communication for each one of the brands.

The second growth enabler is e-commerce. Within e-commerce we grew our business over 30% in this space in 2014. That is two times the level of market growth and we are now three times larger in this space than our closest competitor. We do this by focusing on developing a world-class shopping experience for our end-users by working with distribution, focusing on content management while maintaining the premium positioning of our brands and products.

The third growth enabler is what we call brand leverage. And simply put, that is about utilizing the brands within our network to create value for the user and for distribution.

DeWALT is the first example, what started out as the power tool, power tool accessory brand has now emerged into 18 categories of products, we have launched over 861 new SKUs in the last five years.

And you can see on the left side of the chart -- or slight how these products come to life under the DeWALT badge: hand tools, power tools, power tool accessories, metal storage, and a variety of other things all under the DeWALT umbrella all in one spot for the 50 million users of DeWALT in North America defined.

On the right side of the slide you will see expansion into a new category with our new 40 volt outdoor system targeting the professional landscaper recently launched and already exceeding expectation.

Porter Cable is another good example of creating brand leverage. What started out as a woodworking and compressor brand has now emerged into 12 categories of product, over 287 new SKUs launched in the last five years.

And you can see on the left side of the chart a nine toolkit we actually sold in fourth quarter of last year that did extremely well; shows the breadth in the assortment of the cordless system. And on the right side of the chart, the slide you see power tools, corded, cordless, woodworking products, compressors, power tool accessories all coming together in one spot under the Porter Cable umbrella for those loyal Porter Cable tradesmen users defined.

So in summary, it's about cordless, accelerating e-commerce, creating brand leverage all while maintaining a focus on our customer, striving for commercial excellence and when we do that we will grow. And as I said earlier, with growth all things are possible. Thank you for your time.

Greg Waybright - *Stanley Black & Decker, Inc. - VP, Investor & Government Relations*

Next is Robert Raff, President North America Commercial.

Robert Raff - *Stanley Black & Decker, Inc. - President, North America Commercial*

Thank you, Greg. Glad to be here on behalf of the US commercial team. Just kind of walk you through how we are managing and how we are delivering our message to the commercial end-users here in the US and how we are driving double-digit growth. You have seen that in 2014 and then we repeated it again in Q1 of 2015 of how we are growing in the industrial markets in North America.

About 18 months ago we started to manage a message, we stayed focused and we want to deliver that [constant] message. So I am going to walk you through the story in which we are telling all of our end-users and our industrial distributors on the construction sites.

But it all starts back with our heritage whether it is Frederick Stanley, Duncan Black, Alonzo Decker, Raymond DeWALT, these names are still on our tools more than a century from when they were actually founded, they are still there today. We take a tremendous amount of pride in them.

We want to make sure that everybody inside who's using our tools knows that they are meant for productivity on the job workforce and building products here in America. And that is what I am going to focus on today is how we are going to take our platform and we are going to continue to expand our built in USA program.

We had to go through all aspects of social media to be able to convince our end users through our distributors that we wanted to take the message across all omni-channels to be able to distribute -- to deliver our message. But we also wanted to do it across all of our brands because all the brands that you see are impacted by this message.

While the key tenant was in Q4 2013 we actually brought a large assortment of DeWALT power tools, cordless power tools back to our North Carolina -- Charlotte, North Carolina plant. That was only one aspect and I didn't want to get focused on just one piece of the story, it is much bigger than that.

The reason is that we have had multiple plants here in the US, whether it has been our accessory plant in Shelbyville, Kentucky that is building our linear edge hole saws, all our [short] saw blades and that kind of stuff. Or our Cheraw, South Carolina plant that does our toolboxes or our New Britain, Connecticut but does our FatMax tapes, all market-leading products. Those can't be taken for granted, it's got to be a part of the total package.

First jobsite I went on though first person asked me, what are you going to do? Are you going to bring all your components in from overseas and you are just going to build them here and you are going to assemble here in the US? Well, quite frankly the answer was pretty easy to answer. Because just 30 miles up the road in Hempstead, Maryland, that is where we make all of our powdered metal gears.

One of the big concerns we had was our SGM rates going forward as we brought product from overseas back to the US, how are we going to control those costs. Well, now we don't have to ship them all overseas. We were already building our powdered metal gears here in the US. We were already machining and grinding in the same location all of our drive shafts where we do our pancake compressors under the Porter Cable and the Bostitch and the DeWALT brands.

We were able to utilize our factory in Cheraw, South Carolina that is already doing our toolboxes, now we can do all of our housings. And now we are winding all of our gears, as Bill mentioned earlier, in our Charlotte, North Carolina plant.

So while we can't manufacture everything we can try to keep our SGMs whole by being able to bring the product back to the US, keep it within our footprint and be able to shorten our supply chain as much as we possibly can. We can't manufacture everything here in the US, but what we can we are trying our hardest to do it.

It wasn't one tool, this went from recips to flashlights to all drill and drill drivers, the most popular SKUs that we were able to deliver to our end-users. The first year 3.5 million units were sold out of that Charlotte, North Carolina plant. On top of that, created 350 jobs in the Charlotte marketplace.

Our speed, double-digit growth in that type of productivity -- those types of numbers we were able to -- our response rate, our fill rates were 98% in the last nine months of the year. So we were able to deliver no West Coast port strike, no nothing, we are delivering our product to our customers. And we also were able to have 500 customers actually go visit and see exactly what we were doing inside of the plant.

It all started in 2013, Veterans Day we actually rolled down the strip in the largest Veterans Day Parade trying to get our message out. We then went to 13 markets did 21 events. Our senior leadership from engineering, sales, marketing, Jeff and team all came out.

We wanted to show the commitment to the end-users; we went directly to the end-users and then to our distribution to be able to carry our message all the way through. Culminating in New York City at the Local 3 Union where we had over 100 users actually use all our tools there.

We took it to the jobsites. We have 100 people that only focus on job sites within my organization. We took that message out, we talked to the professionals, the large multinational end-users, telling them exactly what we are doing, why we are doing it.

Our distribution partners actually began to see the momentum that was gaining. So what did they do? They started to jump on board like this guy out in Salt Lake City. And he had a full campaign around it. Or this gentlemen down in Georgia who put his billboard up showing his dedication of what is happening and what we are doing inside of DeWALT.

In November we bought back almost 100 companies to our Charlotte manufacturing facility. Yes, they were able to go through and they built a drill and they put it on a plaque and they had a name on it so they could take it back to their office and they can say they were in the DeWALT plant.

That was great. But that was really talking about what occurred in 2014. The key reason for bringing them back to the plant, how do we change the game. As Bill was talking about in his presentation, brushless, brushless is where it is at. Brushless is where we are growing and brushless is where we are going to be.

Last week the brushless line in North Carolina just opened and now we have got brushless into our North Carolina plant. In the back half of this year our most popular corded SKUs are now going into our Greenfield, Indiana plant. So now not only do we have what we had as part of our base, but now we are able to add the corded product along.

So we are talking about the entire package of product, the commitment of the entire package, it is not a SKU, it is a vision, it is a vision across our entire portfolio to our customer base.

2014 reflection, good year. Next year great, we are going to double this number. Thank you very much for your time.

Greg Waybright - *Stanley Black & Decker, Inc. - VP, Investor & Government Relations*

The final speaker for this session as John Cowley, President of Europe, Australia and New Zealand.

John Cowley - *Stanley Black & Decker, Inc. - President, EANX, Global Tools & Storage*

Good morning, everybody. When Jim was here earlier this morning, and I am going to quote you, Jim, if you have no objection, he said you know commercial excellence when you see it. And he very graciously gave the example of our European tool business. And it is fair to say we are on a good run and have been on a good run now for the last two years.

The good thing about that is though we are operating in significantly large markets and have huge runway ahead of us. So this is a legacy CDIY statement. But we are operating in Europe in an $8 billion DIY and construction tool market, a $5.5 billion industrial hand tool market swap, so huge opportunities. And whilst we have been experiencing great organic growth we feel there is a significant runway ahead of us.

2014 was a record market performance for us in Europe and Australia and New Zealand. We grew our business by 9%, leveraged our bottom line to a 230 basis point improvement versus prior-year, we grew every [SBU], we grew every region with the exception of one which was France. And in their defense, we managed to maintain our market share which is significant and the performance there has really just mirrored the performance of the marketplace.

But if you look down the regions, nearly 50% of our regions delivered double-digit growth last year. So it truly was exceptional performance particularly when you consider the economic backdrop of the European marketplace [at this stage].

So we focused on some key commercial excellence strategies straight out of the playbook, focused on growth through innovation and brand leverage, building long-term strategic customer plans with our international retailers throughout Europe, Australia and New Zealand.

Making some prioritized profitable market investment decisions, but then also having the agility to be able to flex our model, as John touched on earlier, where we have challenged economies and mitigate some of the risks that we faced in markets such as Greece and Spain. And then really leading the way with regard to Digital Marketing versus our competition.

So we look at how we have leveraged the brands and Jimmy O talked about this a moment ago. But in Europe now we have a range of DeWALT hand tools and storage, a range of Black & Decker hand tools and storage, and just recently launched a range of Stanley FatMax power tools which I will take you through after the lunch.

This is a range of power tools aimed at the tradesman and the aspiring DIYer and it fits perfectly between the positioning of our Black & Decker and DeWALT range so it is extremely complementary. And more recently a range of Stanley branded consumer power tool accessories.

You can see these four groups, not only did they generate $50 million worth of revenue in 2014, but it has helped us build long-term strategic partnerships which has given us flexibility with regards to our channel management plans and our customer strategic plans. And you can see we have a variety of different retailers throughout Europe.

The UK continues to be the jewel in our crown. Our revenues grew by 23% last year. We established DeWALT as that number one shareholding professional power tool market. We continued our Stanley leadership by significantly growing it by 22%, nearly 40% market share. And we took some major strides forward in our Black & Decker business as well.

But really it was about building those long-term customer partnerships with the UK's leading retailers. Now let's have a listen to what one of them had to say.

(Video playing).

Now as John touched on, we also continue to make strategic investments to capitalize on growing markets. One of those markets is Central and Eastern Europe, whether that is leveraging our brands in our Polish retail space or focusing on in-store execution and investments in branding communications to drive our Czech Republic business where we lead the way with DeWALT and Stanley.

Or to John Wyatt's earlier point, investing in feet on the street to maximize the true growth opportunity and change our business model to move away from wholesale into our own direct salesforce not only improves our market position but has allowed us in territories such as Romania and Hungary to deliver 21% growth last year.

John also touched on how we have adapted our model in challenged economies such as Spain. And the only point I will really make here is commercial excellence is about agility and being first to the market with whatever the most cost-effective and most efficient route to that market is. And I think we have proved here in Spain that by moving to a flexible cost model we are absolutely in the forefront of that commercial excellence.

We also pride ourselves in leading the customer digital journey and focusing really on digital marketing and we believe we are head and shoulders above our competition, whether that's through our advocacy programs such as rated by real pros or [review]; we now have 45,000 product ratings and reviews online in our various European websites.

We communicate with A+ content to our to our 550,000 Facebook fans, 300,000 video views of our products on YouTube, our various YouTube channels. Continuing to work with our customers to give them world-class content so they can develop world-class e-commerce sites and better represent our brands. And ultimately it's building the Stanley Black & Decker online community we can give now the full omni-channel experience.

So 2014 was an exceptional year for us, we had 9% top-line growth, we improved our working capital turns by 1 point and we increased our operating margin by 230 basis points. But of course that was 2014 and we now starting May 2015 under the umbrella of a Global Tools & Storage organization.

But all I would say to you is we celebrated our Q1 with our eighth consecutive organic growth quarter back at the end of March. And we -- I believe we are significantly well-positioned to continue this organic growth journey which we are on and continue to take market share in Europe, Australia and New Zealand. Thank you for your time.

Greg Waybright - *Stanley Black & Decker, Inc. - VP, Investor & Government Relations*

For our final agenda topic Don Allan will provide a review of key financial areas for the Company including our capital allocation plans, financial metrics and our potential vision and related roadmap for the next three years followed by a Q&A session.

Don Allan - *Stanley Black & Decker, Inc. - SVP & CFO*

Thank you, Greg. Well, I do think you saw some amazing stories of SFS 2.0 coming to life in our Company as well as the vision of where we want to take these three components of commercial excellence, digital excellence and innovation.

And John makes it a tough act to follow when he stands up here and talks about 9% organic growth in 2014 and he repeated that in the first quarter of 2015. But it is an outstanding performance and we just love to see that coming to life in Europe.

So I am going to spend a few minutes -- I guess it is the afternoon now, the afternoon -- talking about a few different topics. But the first thing that I would like to do is we are reiterating our 2015 guidance today with the assumption of 5% organic growth, the EPS range is $5.65 to $5.85, and the free cash flow is at least $1 billion.

When you look at this performance and you look at the FX headwinds that we are experiencing, which we are estimating to be $200 million to $220 million for the full year, we really think the organic growth story is fantastic, it is being offset significantly by this FX headwind so our total revenue will actually be down 2%.

But with the cost actions that we're taking and the operating leverage that we are getting from this organic growth we are able to grow our earnings 5% to 9% in 2015, which we think is an outstanding performance.

So let's talk about the final pillar of SFS 2.0. Jim mentioned it earlier, functional transformation. What is functional transformation? Well, it is really taking a set of functions that support our businesses, support our Corporation and they are very effective today. But we have done over 80 acquisitions and, to be honest with you, they are just not as cost-efficient as they could be.

So what we want to do is make sure that we elevate the effectiveness of them but make them more cost efficient over the next three to four years. Now why do we think that is the case? Well, we have done some benchmarking.

We have looked at various different companies that are similar to us, in some cases peers. Maybe they are similar in the sense of their global reach or size. Then we evaluated some of the complexities that we might have around our tax structure and we began to see that there was a roadmap that potentially could generate 1 to 3 points of opportunity or reduction of SG&A as a percentage of revenue from our 2014 number which was 23%, to maybe something between 20% and 22%.

We also recognize all the wonderful things that you just heard about, they require some investment. We have been making some investments over the last few years, we are going to need to continue to feed that machine of vigil excellence, commercial excellence and innovation. That is not going to change. For us to achieve organic growth numbers of 4% to 6%, hopefully leaning closer to the 6% over time, we are going to need to make sure we make those investments.

Functional transformation is an opportunity to fund some of that. At the same time we also want some of it to drop through to the profitability of the Company. So we want to balance that between making some investments and allowing some of it to drop through to improve the profitability of the Company over the next three to four years and help us and assist us get to that 16% operating margin that Jim mentioned earlier by 2018.

So how are we going to do this functional transformation? Well, I think many of you have heard about the concept of zero-based redesign or zero-based budgeting, it is really kind of a buzzword that has been -- or expression that is being used by a lot of different consulting firms. And it actually works very effectively.

And what you do is you basically build your current state evaluation of your function. So where do the people sit today, what do they do, what do they cost, what are some of the activities that may be non-value and what are the activities that are very value-oriented.

And then you look at various benchmark companies that maybe have an ideal state of where you want to go to become more effective and more cost efficient. And then you begin to build a roadmap on how you are going to get there.

Now I just made that sound real simple, but it is not as simple as it really is -- as it sounds. It is somewhat complicated. But ultimately what we are going to do is the four things that you see on the bottom part of this particular chart, which is look at standardization of all the different processes we have, leverage the lean methodology in our back-office functions.

So it is really taking a lot of the things that we do in our supply chain and our manufacturing operations and using that type of lean methodology in how we serve our customers from a back-office perspective. Customers are a lot of internal people that we are trying to serve in the function.

The second thing is consolidating activities in certain locations. The most likely in low cost locations. In some case outsource locations and other things that are done internally we might move to different parts of the world at a lower cost.

Increase the span and decrease the layers of the organization within the function. So don't have too many layers, don't create a bureaucratic environment, but still make sure you have the right level of internal controls to effectively run and support your Company.

And then the last thing which I certainly wouldn't minimize, it's just as significant, is enhance the automation within the function so many of the low value activities that are done today can either be automated or maybe in some cases they can be eliminated. A successful outcome of this will be functions that are highly effective, even more effective than they are today, but they are more cost efficient.

So with that I want to shift to some different financial topics. First of all I want to just reinforce what John presented earlier on our financial performance over the last five years quickly.

As you saw from both of them as we kicked off the session, we have created some world-class franchises and it has allowed us to start to achieve strong top-line and EPS growth over this time horizon. And you see that with 27% CAGR over revenue and 17% EPS CAGR over this time frame with a base year of 2009. And you see it continuing where I mentioned 5% to 9% growth in 2015 for EPS with $200 million to $220 million of currency headwinds.

But just if not more important is the performance of our free cash flow, which the CAGR over that time horizon has been 21%. And what I really like about this chart is what we are seeing with the dramatic drop in the M&A one-time charges.

As many of you know, we went through a significant period of time due to the Black & Decker and Stanley merger, the Niscayah acquisition and three or four other acquisitions where we had very significant charges as we worked through the integration and the restructuring of those companies.

We have gotten through a lot of that, so now in 2014 you saw a much lower amount of M&A charges and the real cash flow of the Company started to shine through. So the GAAP cash flow was over $1 billion in 2014 and we expect that to continue to be at least $1 billion in 2015.

Shifting to the balance sheet, just a little bit of a reminder for everybody of kind of our perspective on leverage and what our thoughts are here. We look at debt to EBITDA as a key ratio to evaluate this. And we have had kind of a guidepost or a range that we really look at because what is the right place to be for leverage.

And the most comfortable spot is to be somewhere between 2 times to 2.3 times. So we are not always in that but that is really the range that we are always trying to kind of move ourselves either down to or slightly up to. And occasionally we will do an acquisition that will put us above that range and then we will work down to within that range over a reasonable period of time. And then we will move forward.

We will do the same thing if we occasionally move below, we are slightly below you can see at the end of 2014 at 1.9. We had some share repurchase activity happening this year earlier in the year and that leverage number will slightly move up towards that 2.0 times by the end of the year.

The other thing we evaluate is what is our credit rating. And you can see it is somewhat diverse because the three different agencies calculate it leveraged pretty differently. And you have a range from single A all the way to BBB+ equivalent when you look at those different agencies.

That is a nice place to be because that really gets us to strong investment credit grades. Why that is important to us is that we like to have a balanced approach here to leverage. We want to make sure that we have, we are utilizing our balance sheet effectively to do things such as acquisitions, share repurchases, etc., in an appropriate manner, but at the same time we want to have liquidity when it is needed.

We went through a significant crisis that all of us remember back in 2008 and 2009. This Company had enough liquidity to work through that, never had difficulty getting access to markets because of the strong investment credit grade rating. We think that is a nice balanced approach for our Company.

Now I want to talk a little bit about our long-term capital allocation strategy in a little more detail than John touched on briefly this morning. When you look at our cash flow from operations the first thing that we evaluate is how much capital expenditure are we going to invest into the organic part of our Company.

If you look at us over the last decade we were somewhere between 2% of revenue to 3% of revenue. Over the last two or three years we've been closer to 2.5 to 3 times of revenue. What we are seeing is that we need to make more investments in the areas that you have been hearing about today around innovation, digital excellence in the future, commercial excellence, we also need to be making more IT investments.

And so, we think that is the right level for our Company going forward, 2.5% to 3% of net sales for capital expenditures to allow us to continue to generate the right amount of organic growth and also ensure that we are improving -- we are working on productivity programs to drive the right levels of profitability.

After that you get your free cash flow. So your free cash flow, we have said 50% of that goes to M&A rated activity and 50% will go back to the shareholders either through the dividends or the occasional share repurchase as we see the right opportunity for that. And that allocation has actually been pretty consistent with what we have experienced over the last decade.

So if you look at the last 10 years, the allocation of free cash flow was about 50-50 between those two categories. And we actually think it is the right formula for us going forward based on our view of M&A activity in the next decade. And so, we want to continue that allocation as we move forward into the future.

And then the last thing I would mention on capital allocation is repatriation of capacity. We have ample capacity that is available to us to execute on the strategy over the medium-term.

Because of some of the things that we've done with acquisitions, in particular the Niscayah acquisition, we have created structures that although us to bring some cash home at a relatively if not zero tax cost. And so, we feel we are capable of executing on this strategy over the mid-term.

Now the dividend. Everyone talks about the dividend, why is it important to us. John touched on it in his opening comments. We are very committed to the continued growth of that in our Company. The reason is we really try to create a hybrid model of capital allocation.

We want to be focused on growth so we are investing for growth both through capital expenditures and M&A activity, but we also want to be giving value back to our shareholders. We do that through what I would say a pretty significant dividend and we also do it through the opportunistic share repurchase.

And so our dividend, when you look at the yield, is usually a slight premium to the S&P 500 deals. We don't necessarily obsess about that because changes in stock prices and other things can affect it, but right now our yield is 2% versus our peers on average about 1.7%.

What we do focus on is the payout ratio and the payout ratio is usually between 30% and 35% of earnings. Our current payout ratio is about 36%. We are slightly above that range but reasonably close. About one-third of our earnings are going back to our shareholders in a dividend. And you can see it is above the average for our peers which is at 30%.

We think this is a nice balanced program, we call it a hybrid model, it is both focused on investing in growth and giving value back to our shareholders.

So we touched on acquisitions, financial hurdles and I want to just kind of refresh everybody's memory in that particular area. We also talked about -- and this is kind of evaluation we do before we get to the financial review. The first is the strategic fit. Does it have that right fit to our existing franchise? If it passes that test then, okay, what is our organizational capacity to do it? Is this the right time to take on that type of integration? John talked about that in the Q&A.

And then the financial evaluation gets into does it meet our operating profit objectives, is it going to get to greater than 15% operating profit or operating margin in the three to five year time horizon post acquisition? Will it have the right organic growth profile? Will it be 4% to 6%, in line with our long-term objectives in that same time horizon?

Will it be accretive in year one when you exclude the various restructuring and operational charges? And then will it achieve certain levels of cash flow return on investments, or CFROI, in that year three to five time frame?

And you see over to the right side of the slide that we think these acquisitions, when they are strategic, should be somewhere between 14% and 15% within years three or five -- through five. And for certain bolt-on ones which will be smaller transactions, it will be highly synergistic, we would actually expect it to be higher and above 17%.

The final thing we evaluate is just value creation versus the share repurchase. And when you look at financial model over the long-term is it going to drive more value financially than a share repurchase would. Share repurchase certainly will in the short term, but over the long term will the acquisition drive more financial impact?

The last thing I would mention on this page is that we made various public statements over the last year that assume that our Company is probably going to have about $50 million of annual restructuring expenses in its P&L every year. And those are really operational related activities, they will be related to driving productivity in our supply chain, they will be related to executing some of the functional transformation things that I touched on earlier.

The restructuring or accounting related items that come from an acquisition are outside of that estimate. That estimate does not capture what could be some of the charges related to acquisitions.

We don't talk a lot about the Infastech integration, which was an outstanding company, and still is, that we acquired about two years ago. It is getting integrated into our engineered fastening business, it has many solutions that are focused on electronics, automotive and general industry OEMs. It is a very strong business around organic growth, it has the right levels of profitability and it achieves a lot of the objectives that I just went through over the three to five year time horizon.

It is in year three now related to the integration and at this point it significantly exceeded the expected integration cost synergies. We have leveraged SFS to make sure that we outperform the working capital expectations and we have done that by about $13 million.

And then we have generated some nice revenue synergies by really looking at what both companies did well, what products they had that were different and how do we leverage that and generate more revenue. And we are starting to see some of those seeds begin to develop.

On the CFROI part of the chart which is the right side you see that we are at 11% at the end of 2014 which is 60 basis points versus our expectation. And we do believe by 2016 and 2017 it will be between 14% and 15%, right in line with what I mentioned previously.

This is a highly attractive asset that is on track to meet our expectations and it is a great member of our portfolio for the long-term. It doesn't get a lot of press because we spend a lot of time talking about tools and storage and security, but this particular acquisition is being very effectively integrated.

So let's take the lens back deeper across the whole Company and look at cash flow return on investment. The way that we calculate it is on the left part of the slide, I won't walk through this in detail. But let's focus on the right side. We all know the story over the last couple years, our CFROI got to 10% and 9% for various reasons, a big part of that being weighted down by what was happening with our European Security business.

So then we took our actions at the end of 2013, got focused on improving operating leverage, continuing to drive working capital turn improvements, began our share repurchase program of up to $1 billion and we did a little bit of debt deleveraging as well.

As a result that number got to 13% by the end of 2014. And we are on track to hit our new target objective for this particular area for our whole Company of wanting to be in a range of 14% to 15% versus our old target which was a little wider of being between 12% and 15%. We think this is a great way to drive shareholder value by making sure that we maintain this metric within 14% and 15%.

Another way to look at returns is return on operating assets. And you can see that with the yellow bar on this slide that we are at 19%. And what this is is really looking at your operating P&L performance versus operating assets. And so the asset base excludes goodwill. It is a metric that some people call (inaudible) there's different ways to look at it.

But really it is a measure that we do evaluate our Company on how we are doing. And you can see we are in the top quartile versus our peer group and within 1 point of the companies that are at the top. It has obviously been driven by a lot of the benefits that we generated through SFS and working capital turns. We have been very disciplined with our capital expenditures over the years and where we invest and making sure they drive value and productivity.

And we are also efficient with our cash balances overseas. With our cash balances we have been able to repatriate a lot of that money back in the last few years and we think we can continue to do that. So we don't have high cash balances that are driving that operating asset base up. So going forward we actually have some compelling improvements to profitability that I'm going to touch on in a few minutes that are listed on that page.

So what should you expect over the next three years? Jim kind of gave you a few of the next decade, we are narrowing the lens here a little bit and saying what should you expect for the next three years. And this would be ending in 2018. So the base year is 2015.

The growth numbers are 4% to 6% organic growth, we will enhance that growth with some acquisitions, you will see a little detail on that in the next page. We do think on an annual basis we can improve operating margin by 50 to 75 basis points and on an annual basis improve our EPS by 10% to 12%. Embedded in that is that $50 million of restructuring I mentioned for core restructuring related activity.

Our free cash flow is greater than net income, has been for a long time. We expect that to continue. And then we will get our CFROI within the 14% to 15% and we will get our working capital turns to 10 plus in that same time horizon.

Our dividend will continue to grow as the Company grows in line with the way that I laid it out earlier. And our credit rating will continue to be strong as we maintain a healthy balance sheet. We believe this time horizon is actually aligned with our long-term financial objectives and is an excellent outcome as we move forward.

So what does that mean for 2018 vision? We think our franchises are really poised for accelerating organic and really supplementing that with some acquisition growth as well. You can see on the left side of revenue, revenue getting to almost $14 billion in total, about 1 million -- I'm sorry, about $1 billion to $1.5 billion of that is some M&A related activity. But roughly 50% of our free cash flow over that three-year horizon will go towards M&A related activity.

SFS 2.0 will enable a 4% to 6% organic growth performance. When you look at the operating margin getting to 16% operating margin by 2018; generating a 10% to 12% EPS CAGR, as I mentioned on the previous page; annually improving our operating margin rate by the 50 to 75 basis points. What drives that? What makes that happen? What is those three things on the bottom right?

The first is continuing to get operating leverage, we have seen really solid operating leverage in our Company as we grow organically in the last year and a half, that will continue. Functional transformation, the benefits from that netted down by some of the investments that we are going to make related to the different areas that I talked about earlier. And then of course certainly security improvement, getting to 15% operating margin from where they are in 2014 where it was 11.5%.

John called those self-help earlier today and he defined what that was. It is not a problem area, it is a great opportunity for us going forward that we have control over and we can execute on and we can make happen. So we think 16% operating margin is in sight in the next 3.5 years. And as a result this creates $2 of EPS accretion versus 2015 by the time we end in 2018.

So to summarize, John started this at the end of his presentation, why invest in Stanley Black & Decker? One, world-class franchises. They're either number one or number two in their industry, very strong brand. The Company is poised for growth, we are accelerating organic growth and then we're going to continue to fuel that growth with SFS 2.0 in many of the things that you heard about today.

We have self-help margin opportunities, I just walked through those in a fair amount of detail. And then of course we have strong free cash flow generation which helps us fund the value that we give to our shareholders and it also helps us fund growth both organically and through M&A.

We think this is a consistent and proven strategy that has produced outperformance over the last decade and we think it will do the same thing over the next decade. Thank you.

Greg Waybright - *Stanley Black & Decker, Inc. - VP, Investor & Government Relations*

Thank you, Don. We now have some time for the final Q&A session of the day with the same panel as earlier. And as before, please use the roving microphone for your question.

QUESTIONS AND ANSWERS

Greg Waybright - *Stanley Black & Decker, Inc. - VP, Investor & Government Relations*

One question I will bring up from the floor. There was a number of individuals, a few individuals asked a question about -- comments earlier about mid-2000 or late 2016 as being the timeframe to reevaluate Security and whether or not that applied to the Security Europe business or the entire portfolio? And could you please clarify that?

Unidentified Company Representative

Option two.

Greg Waybright - *Stanley Black & Decker, Inc. - VP, Investor & Government Relations*

Hopefully that is very clear to everybody. Thank you. Questions. Yes.

Unidentified Audience Member

Thank you. Just a quick one on guidance and also cash flow. Just, Don, just unclear, I don't have my handy-dandy calculator with me, but to what extent does M&A impact the margin guide that you gave us and maybe perhaps as a way to answer the question is what kind of underlying incremental margins do you expect on the base company as we roll this out, because obviously the deals will be episodic?

And then just on the free cash flow and the repatriation. Clearly you need US cash for the dividend and maybe pension and a few other odds and ends. Do you see the ability to repatriate for all your M&A needs also if deals happen to really materialize in the US? Thank you.

Don Allan - *Stanley Black & Decker, Inc. - SVP & CFO*

Sure. We will start with the repatriation question first. I mean I think, as I mentioned, we -- one of the benefits that came out of the Niscayah transaction was it allowed us to create some structures overseas that we could funnel money home relatively efficiently. And so that is allowing us to fund various activities whether it's been a share repurchase this year that we've been doing or it might be an M&A activity in the future.

It is not really going to limit our ability to do a lot in the next three to five years. It is hard to see beyond five years because reality is three to five years is a long time away and who knows what the Company's structure will look like. Who knows what the tax structure will look like.

Whether the US government changes that tax laws or not, I think that is a topic that changes every year. Some people get optimistic it might happen and then it loses momentum. But what I like about our focus is we understand those dynamics and then we try to think through different ways of really being able to bring money home in an effective manner. I'm sorry, what was the first question?

Unidentified Audience Member

(Inaudible - microphone inaccessible)?

Don Allan - *Stanley Black & Decker, Inc. - SVP & CFO*

Oh, the incrementals related to acquisitions, 16% operating margin rate. There is a modest negative dilutive impact to the rate from the acquisitions. I would say it is not as significant as you might think, it is probably somewhere between 30 to 50 basis points.

And the reason that is is a lot of the acquisitions we will be looking at will be highly synergistic, they will be things that are going to be effectively integrated into a rather significant infrastructure that already exists in our tools and storage business, are engineered fastening business. In the area of infrastructure it would probably be something that would be integrated effectively toward something we already have.

John Lundgren - *Stanley Black & Decker, Inc. - Chairman & CEO*

It also wouldn't be relatively small. Maybe half -- 5% of revenues or something like that so no matter -- even if there is a 5 point margin difference it's only going to be like 30 -- 20, 30 basis points impact.

Don Allan - *Stanley Black & Decker, Inc. - SVP & CFO*

Yes, exactly.

Greg Waybright - *Stanley Black & Decker, Inc. - VP, Investor & Government Relations*

Right here, Jeremie.

Jeremie Capron - *CLSA - Analyst*

Thank you. Don, I am trying to reconcile your 16% operating margin guide three years out. And the opportunity that you highlighted on the SG&A which is only 3 points. And so I am wondering what is the time horizon on the SG&A improvement that is (inaudible) three year horizon or is this a much longer process in your opinion?

Don Allan - *Stanley Black & Decker, Inc. - SVP & CFO*

The SG&A from improvement from functional transformation will most likely happen over that time horizon through 2018. But remember, we will take a portion of that and we will reinvest that into digital excellence, commercial excellence, innovation, so it all won't flow through to the bottom line.

And that was the point of that particular discussion is that if functional transformation generates 300 basis points of opportunity we might reinvest half of that into some of these other areas. Or it might generate 100 to 150 basis points and we might reinvest a smaller portion of it.

John Lundgren - *Stanley Black & Decker, Inc. - Chairman & CEO*

Jeremie, I would just add to that, I think Don described it beautifully. My colleagues will gag when I use the reference I use a lot. We talked about SG&A though as cholesterol, good cholesterol and bad cholesterol. Not all cholesterol is bad.

And Don's team, with a lot of pushing, urging from Jim and myself (inaudible) big bucket of SG&A. But there is the really great SG&A that Jeff Ansell and others talked about -- R&D, brand support, product development and salesman and feet on the street that are driving the growth.

Then there are the necessary costs of running the business -- finance, legal, IT, etc., they can be a competitive advantage, they're absolutely necessary. But the more efficiently we can do that to the better. So what Don is really saying is we are going to take those four buckets of bad cholesterol, if you allow me that analogy, and try to reduce them and raise the good cholesterol -- and take part of that and raise the good cholesterol and it's just an analogy we can all understand it is (inaudible) to do. But that is what Don is describing.

Don Allan - *Stanley Black & Decker, Inc. - SVP & CFO*

And just because we said 1 to 3 basis points (technical difficulty) doesn't necessarily mean we are going to get that 100 to 300 basis points. It might be 100 and we invest Of that. So that is just what a benchmark says. What we have to do is actually go out and do the detail work and figure it out. As we get deeper into this we will have a better sense.

But we are comfortable that we know we are going to get at least 1 point of benefit from functional transformation. The question is, can we get 2 or 3? Time will tell that.

Unidentified Audience Member

Two questions one was just a clarification on the change in the CFROI target. Was it mainly the improved visibility around Security that made you raise it the midpoint of the range, or what was the driver? And then I was curious to understand a little bit more about the economics of that tool connect opportunity.

Is it an assumption that some percentage of the 30 million users that have cordless are going to upgrade to battery and some percent that don't have a 20 volt battery power tool are also going to just replace their tools? And have you quantified what that opportunity might be, ballpark? Thanks.

Don Allan - *Stanley Black & Decker, Inc. - SVP & CFO*

I will start with the CFROI. So the CFROI objective is, as I mentioned, we ended that 2014 at 13%. We think we are going to end 2015 probably closer to 14%. And we are going to be at the bottom end of that range. Over the next three years we want to maintain that between 14% and 15%.

That gives us a little flexibility so as we do some of these M&A transactions, I said it was about probably $1 billion to $1.5 billion over a three-year horizon. Those are not going to be big enough even if they initially come in at 9% CFROI and then over three to five years they work to 14% and

15%. They are not going to be big enough to drag the CFROI of the whole Company down. And so we feel that range of 14% to 15% is more appropriate given what we are seeing for the next three years.

John Lundgren - *Stanley Black & Decker, Inc. - Chairman & CEO*

And Jeff on tool connect, do you want to handle it or do you want to delegate it to Frank Mannarino who is the subject matter expert? Your call.

Jeff Ansell - *Stanley Black & Decker, Inc. - SVP & Group Executive of Construction & DIY*

I am happy to take it and, Frank, if you want to add on you certainly can. Because he's not miked at this point. The research on tool connect led us to actually launch the product. It was -- the feedback was quite positive. Our view is that it is an enabling technology that obviously needs to find its way into our range into power tools.

More than likely it is -- we have we think world's best performance in our batteries, world's best performance in our tools and world's leading market share in cordless, all (inaudible) hanging together. This is one more reason for the user to choose DeWALT over the other four, five, six options that they might have. It has applications to all job sites but in particular smaller job sites where the connectivity doesn't exist at all today.

So we can't tell you how much of it is incremental, even how big it will be at this point in time. All the user has told is that they endorse it and it is appropriate for them and if available they would acquire it. How much is an art not a science and we are, as we speak, launching that technology. So we don't even have any history to go on at this point in time. Other than tell you it is launching into the marketplace as we speak.

Frank Mannarino - *Stanley Black & Decker, Inc. - President, Professional Products, Global Tools & Storage*

And I think it is a lot easier to quantify some of the innovations that are kind of big swings and the breakthroughs as opposed to these types of digital innovation, which enhance the value proposition but how much incremental revenue are they going to drive, question mark, nobody is quite certain as you point out.

But it will at the point of impact. When the customer makes a decision what to buy it will influence the buying decision which will help us keep the tactical market share gains going. And that is just enhancing that value proposition with more and more digital infusion I think is kind of where we are going with that.

Jeff Ansell - *Stanley Black & Decker, Inc. - SVP & Group Executive of Construction & DIY*

And we are charging for the technology. So take the worst-case scenario, the user buys exactly the same quantity of the new technology, we grow as a result of charging for the technology. So there is certainly growth inherent in it, we just don't know how large at this point. Frank, did I miss anything important?

Frank Mannarino - *Stanley Black & Decker, Inc. - President, Professional Products, Global Tools & Storage*

All good.

Jeff Ansell - *Stanley Black & Decker, Inc. - SVP & Group Executive of Construction & DIY*

Frank says that I did fine.

Greg Waybright - *Stanley Black & Decker, Inc. - VP, Investor & Government Relations*

Mark, right here, Cliff.

Cliff Ransom - *Ransom Research - Analyst*

Cliff Ransom, Ransom Research. You know that over the last 25 years I have gone from being a lean zealot to being a lean crank. And so I want to ask a question about inventory turns, which my sensei [Jim Womax] says is the indicator that does not lie. Why if you are at 9.2% what am I missing, why do have a goal that is only 10%?

Unidentified Company Representative

Those aren't percents, Cliff, those are working capital (multiple speakers).

Cliff Ransom - *Ransom Research - Analyst*

I'm sorry, turns, I understand.

Unidentified Company Representative

And those are working capital turns and inventory turns are actually slightly lower than --.

Unidentified Company Representative

Yes.

Unidentified Company Representative

What I will say and then Jim will enhance it. Part of every operating executive's metrics, performance, client, etc., is working capital turns as a surrogate for cash flow because, even Jeff running a huge business doesn't have complete control over his tables because we have a global sourcing organization.

Jeff can collect his receivables, Jeff can manage his inventory turns and we are -- Jim, I will kick it to you. We are not stopping at 10. What we are saying is we know of no peer that has anywhere near that working capital turn. And I think Jim Loree said it very well, we don't know how high is up. We have got a goal, we are going to try to meet it and we're going to try to surpass it.

Jim Loree - *Stanley Black & Decker, Inc. - President & COO*

Yes, Steve Stafstrom said 10 turns was his target, but I said we were going to exceed 10 turns, so he just hasn't gotten back communication yet (laughter). And I said 10 plus turns. But the reality is you are onto something. If you look at our inventory payables and receivables and John was alluding to this, you will find that the inventory turns are closer to 6. And if you look at world-class lean activities you certainly see in excess of 10 for inventory turns.

Now look around the room, you see the complexity of our products and I can assure you that 10 inventory turns is a monumental challenge. And so, one of the facets of the next generation of SFS core is to really take complexity reduction, one of the five elements of core SFS, and really drive that hard. And if we do that successfully I think we have a really good shot at significantly exceeding 10 turns.

Greg Waybright - *Stanley Black & Decker, Inc. - VP, Investor & Government Relations*

Any additional questions from the floor? Yes.

Unidentified Audience Member

I want to take one on brushless. I was just wondering if you could share with us how you are approaching it technologically from both a sourcing standpoint plus maybe your own internal IT that you are laying on top of the product and how you stay in front of something that could and should be widely available to others over time?

John Lundgren - *Stanley Black & Decker, Inc. - Chairman & CEO*

Jeff, do you want to take it or do you want Bill Taylor who is right behind?

Jeff Ansell - *Stanley Black & Decker, Inc. - SVP & Group Executive of Construction & DIY*

I will start and then Bill certainly can add on. The concept of brushless isn't unique. I mean it is in every industry you can think of and even in other power tool opportunities. Our advantage in brushless is the efficiency at which we function or the way our transmissions and our motors and so forth work versus other competitors, which gives us in the same brushless concept 57% better output.

Okay, so the folks talk about the battery packs and so forth and our view has always been, well, energy in is one thing, how much do you get out of the other end is the other thing and we are far superior to anyone we compete with in that regard.

There are significant patents around the way we do that. So the average on a brushless probably would be somewhere between a dozen to 14 different patents for the way we exercise that. It makes the way we do it unique, it also makes the size of our product unique, it makes the efficiency factor of our product unique. And therefore the performance better than anyone else.

And we had -- but the world continues to change technologically. So as soon as we put the pencil down somebody catches up. So we will never put the pencil down on either cordless or brushless in particular. So, Bill, is there more that you would like to add to that answer?

Unidentified Company Representative

I'll just say despite Bill Taylor's youthful appearance he has 30 years of doing this and doing it very, very well. So he is a subject matter expert to say the least.

Bill Taylor - *Stanley Black & Decker, Inc. - President, Power Tools*

So, yes, Jeff covered it very well. And we design and build our own brushless motors. And we have a long history of driving cost out of technology. And I would also say that we have really changed the mix of the type of people we have in our engineering department from a lot of mechanical engineers to a lot of software and electronics electromechanical type of people. So we have built a real core capability to drive this kind of technology for the Company.

Greg Waybright - *Stanley Black & Decker, Inc. - VP, Investor & Government Relations*

Thanks, Bill. Right here, Tim.

Unidentified Audience Member

Good afternoon. Just a quick clarification on the $2 of incremental EPS accretion versus 2015. Is that just organic? I think I am calculating a little bit of a higher number if I include the M&A numbers.

Unidentified Company Representative

(Inaudible) classic (laughter). Why don't you send down your spreadsheet, we will have one of these guys fill it in for you, it will save you some time.

Don Allan - *Stanley Black & Decker, Inc. - SVP & CFO*

It has organic and it has the M&A in it as well, it has both. And $50 million -- as I mentioned, $50 million of restructuring per year.

Greg Waybright - *Stanley Black & Decker, Inc. - VP, Investor & Government Relations*

Any further questions? Great we will wrap. That is the final question then. And before we break for lunch and time to review the product displays and interact with management before you depart John has some closing comments.

John Lundgren - *Stanley Black & Decker, Inc. - Chairman & CEO*

And they will be brief. Again for those of you who are here, thanks for being here. And for those of you who are listening in I hope it wasn't too painful. I hope you got at least the overwhelming majority of the messages we were trying to communicate.

I just have a few points. I think it is important in wrapping up how to communicate what I hope you all took away from this morning's session. First and foremost, you've got to look at long-term strategy, which is essentially unchanged for the last 10 years. Our financial objectives, moderately updated, upgraded if you will.

Near-term financial vision and the roadmap in terms of how we are going to get there. I think for a meeting like this Don was as granular as he could possibly be and I hope that path and that roadmap make sense.

It was hard to miss what we are trying to embed an organic growth culture within our Company. We've been good operators over the years, good acquisition integrators, SFS is in our DNA, it's driven some of the metrics we've talked about.

But with what we are doing in breakthrough innovation, commercial excellence, functional transformation, digital excellence, we truly believe will allow us to maintain or even accelerate the levels of organic growth that we've achieved of late.

I think we have been as clear as we have ever been or can be about the fact we like Security as a business, we need to fix it and we have a timeframe at which point in time we will determine its relevance within our portfolio and much of that will be based on its performance and our perspective around it.

You got an insight into our key businesses, the value propositions, the growth strategies. And I think Jaime did a very, very good job talking about the things that we are doing differently, how we are going to win in emerging markets.

I want to re-emphasize a point that Jaime made. I think there is a general belief that often emerging markets mean high-growth but low margins. That is not the case. This is a profitable business, these are profitable geographies for Stanley Black & Decker. They are at or above line an average margins. And Jaime and his team have done a terrific job being very responsive to the changes in the marketplace and allow us to stay there.

And last but certainly not least capital allocation, our objectives, the fact that acquisitions have been an important part of our growth. And they will maintain an important part -- continue to be an important part of our growth going forward.

So in closing, very much as Don said, the four boxes in the middle, Don just did a nice job a second ago talking about our world-class franchises, redefining or helping define self-help margin opportunity, the fact we are poised for growth organically and through acquisition. And that we are going to continue to generate cash and how we are going to allocate it.

Jumping to the top of that slide, I hope today was an example I will say just showcasing the depth of this organization. Part of that was certainly part of the objective as I talked about earlier this money. Many of you see or hear myself, Jim and Don often but don't get the kind of exposure you have gotten to the folks that run these businesses and run these functions.

11 plus years ago when I joined Stanley there were 14 senior executives, 11 years later 8 are still here in bigger jobs than they had. Three have retired and three have left the Company. 5 years ago we had a chance to supplement that team with an incredible group of talented engineered fastening power tools people, many of them presented today.

It is one Company, it is one team. One of my biggest I will say thrills or satisfaction within one year of Stanley and Black & Decker coming together if Jim or I or Don or anyone else sat in a room we never stopped -- did you come from Stanley or Black & Decker? It didn't matter, because we were one Company. And it was just that once-in-a-lifetime opportunity to merge two very capable management teams into an even better management team.

That has resulted in a consistent strategy that you saw the numbers that has outperformed the S&P 500 by 57% over the last 10 years and by 15% over the last 15 months. With that I will thank you. Invite you to have a bite of lunch. Invite you to interact with I think the best management team in the industry. And to take a closer look at some of the best tools, storage systems and security solutions that exist. Thanks very much.