

BLACK & DECKER CORP
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STANLEY WORKS COMPANY

NEW BRITAIN

IN THE MATTER OF THE MEETING FOR THE
EMPLOYEES

IN RE: STANLEY WORKS and BLACK & DECKER MERGER,

November 4, 2009

9:00 A.M. O'CLOCK

1000 Stanley Drive

New Britain, Connecticut

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1 ... The following is the transcript of
2 the Meeting, IN RE: STANLEY WORKS and BLACK &
3 DECKER MERGER, which was held at Stanley Works,
4 1000 Stanley Drive, New Britain, Connecticut, on
5 November 4, 2009 at 9:00 o'clock a.m.

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1 P-R-O-C-E-E-D-I-N-G-S

2

3 MR. GOLD: Good morning, ladies and
4 gentlemen.

5 I wanted to, before the Town Hall
6 meeting actually got underway, to
7 explain what we are doing here today.

8 You've seen the cameras. We are
9 videotaping this event. And the reason
10 why is that we are turning it into a
11 webcast so that the entire universe of
12 Stanley employees, worldwide, will be
13 able to share in this Town Hall meeting.

14 And after John Lundgren finishes his
15 remarks, there will be an opportunity
16 for you to ask questions. And insofar
17 as those questions are concerned, we
18 have four individuals around the room
19 who have mics, just like this,
20 (indicating). It's very, very important
21 that, one, that you wait for those mics;
22 otherwise, your question is not going to

23 be heard on our tape.

24 Secondly, it's equally important

25 that you hold the mic as close to your

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1 mouth as I am. You see what happens
2 when I take it down? It doesn't work
3 quite so well. When I hold it up here,
4 I am loud and clear.

5 Also, if you don't mind turning off
6 your cell phones, because we have very
7 sensitive mics.

8 Good. So, without further ado your
9 Chief Executive Officer John Lundgren.

10 (Applause)

11 CEO LUNDGREN: I have never seen so
12 many people in the Stanley Center. I
13 asked Jim Vecci if we were raffling off
14 Yankees World Series tickets today.

15 Anyway, thanks a lot for being here.
16 Obviously, it's a very exciting
17 opportunity for us. And as was
18 suggested, because of the nature of this
19 transaction, with two large public
20 companies, webcast, video cast,
21 recorded, my remarks, my prepared
22 remarks will actually be a little more

- 23 formal than normal. I.
 - 24 Will stick to the script that we
 - 25 developed to be sure that all of the
-

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1 information is communicated in a
2 consistent manner.

3 But I think most important, we will
4 also try to be sure we leave enough time
5 for you to ask some questions that are
6 on your mind, many of which we aren't
7 going to be able to answer, but
8 hopefully, most of which we will.

9 So, let's get through the formal
10 part of presentation and open it for Q
11 and A..

12 Needless to say, I am delighted you
13 are joining us here, and I think I can
14 tell from the turnout that you probably
15 have heard we have agreed to combine
16 Stanley with Black & Decker, in an all
17 stock transaction valued at
18 approximately 4.5 billion dollars.

19 And you also probably recognize the
20 Black & Decker name. It probably won't
21 come as a surprise to you, especially
22 those of you familiar with the business,

23 that we determined that combining our
24 two companies made an awful lot of
25 sense.

1 But in case you are not familiar
2 with Black & Decker, it's one of the
3 best known global manufacturers and
4 marketers of quality power tools,
5 accessories, hardware, home improvement
6 products and technology-based fastening
7 systems.

8 They have manufacturing operations
9 in eleven countries. And some of their
10 brands are as powerful as many of ours,
11 not the least of which are Black &
12 Decker, DeWalt, Porter Cable and
13 Kwikset.

14 They are a global leader in the
15 power tool segment, and similar to
16 Stanley, they are an established company
17 with roots dating back to 1910, Black &
18 Decker is celebrating its 100th anniversary
19 next year in 2010.

20 Together we will be a more global
21 company; we will be a more diversified
22 industrial company, and we will have an

23 even broader array of products and
24 services.
25 We will be a leading company in hand

1 tools, as we are already, and we will be
2 a leading company in power tools and
3 accessories. And we will be even a more
4 significant player in mechanical and
5 electronic security solutions.

6 Without question, we will be in a
7 far better position to advance each
8 priority in the strategic framework that
9 we have been following since 2004.

10 Let me tell you a little bit about
11 what makes the transaction so
12 compelling, and what our new company
13 will look like.

14 There were many reasons this
15 transaction made sense for Stanley. I
16 am just going to highlight a few.

17 First, as I alluded to, the
18 combination of our well-known brand
19 names and theirs, including Dewalt,
20 Baldwin, Porter Cable, Kwikset, along
21 with many others, making us even
22 stronger and more diverse, broadening

23 our offerings to our customers, creating a
24 compelling investment for shareholders,
25 and increasing the opportunity for all

1 of you.

2 The combined company will have
3 strong brand equity. Just look at those
4 brands on the screen. They are familiar
5 to everybody all over the world. Great
6 recognition and appeal among retailers,
7 commercial customers, as well as
8 individual end users.

9 To put it another way, we will
10 become the supplier of choice for tools
11 all over the world.

12 Along the same lines, because the
13 businesses are so complimentary to ours,
14 it means there is no significant
15 overlap.

16 At first blush people say Stanley,
17 Black & Decker, how can they go
18 together? They are in power tools. We
19 are in hand tools.

20 When you add up the great lineup of
21 brands, you think, together, we will
22 have a broader geographic sales front;

23 we will have additional presence in high
24 growth and emerging markets; we both
25 have global low cost sourcing and

1 manufacturing platforms, and we will
2 gain the best of each of those
3 operations.

4 We have a shared commitment to
5 operational excellence, a proven
6 business management strategy in the
7 Stanley Fulfillment System, and now we
8 can leverage that and spread that across
9 a company twice the size.

10 We have a world class innovation
11 process, and a talented work force,
12 featuring the best people in the
13 industry.

14 I think you can see this opportunity
15 for this organization to become a
16 powerful growth engine, both as markets
17 around the world recover in the short
18 term, but even more importantly, over
19 the long term.

20 Moreover, with Black & Decker's
21 position in power tools, security hardware,
22 engineered fasteners, and Stanley's

23 product and service offering hand tools,
24 mechanical and electronic security, we
25 have a terrific opportunity to enhance

1 both companies strengths and provide
2 extra resources to invest in future
3 growth opportunities. And we are here
4 to grow.

5 Lastly, there is the fact that our
6 combined financial strength will allow
7 continued expansion of our security,
8 health care and infrastructure
9 businesses, as well as a new growth
10 platform in Black & Decker's engineered
11 fastening business, which has always
12 been a core growth platform identified
13 for Black & Decker.

14 So, for all these reasons, I hope
15 it's beginning to become more clear why
16 we feel so good about the transaction.

17 If you can't see, this slide is
18 simply an example, and hopefully, as I
19 said on the introductory conference
20 call, a picture is worth a thousand
21 words. A lot of pictures, many of the
22 products you will see, and many you

23 know, and some you are familiar with.

24 But you can see the array of Stanley

25 hand tools on the left and Black &

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1 Decker's power tools on the right.

2 It will become pictorially more
3 clear there is essentially no overlap in
4 our respective product lines.

5 Let me turn briefly to the
6 transaction highlights. This will keep
7 the finance folks and the wanna-be
8 investment bankers in the room interested.

9 I will get through it quickly for those
10 for those of you who aren't each.

11 Black & Decker shareholder will
12 receive 1.275 shares of Stanley for
13 each share of Black & Decker that they
14 own. That is an implied 22.1 percent
15 premium to the Black & Decker closing
16 price as of last Friday, October 30,
17 2009. And that actually held pretty
18 close to that through Monday, the day of
19 the announcement.

20 Accordingly, the ownership of the
21 new company will be 50.5 percent former
22 Stanley shareholders and 49.5 percent

23 former Black & Decker shareholders.

24 We are expecting earnings increase

25 of approximately a dollar per share by

1 year three. Much of that is going to be
2 driven by 350 million dollars in cost
3 synergies on an annual basis that we
4 expect we'll fully realize within the
5 first three years.

6 Corbin Walburger's team could
7 explain business development, how these
8 numbers -- they are big numbers -- for
9 folks who don't have a financial
10 background.

11 But if a company like Stanley or
12 Black & Decker trades at seven or eight
13 times EBITDA, okay, take 350 million
14 dollars, multiple it by seven, that's
15 two to two and a half billion dollars.
16 That's the value we created with this
17 transaction. It's that simple, assuming
18 we achieve synergies. And we have a heck
19 of a track record of achieving those
20 synergies.

21 Stanley's nine directors will carry
22 forward. That means myself, [and our]

23 independent directors will all remain on
24 the board of directors of the combined
25 company, and six of Black & Decker's

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1 eleven directors will join the combined
2 board, including Nolan Archibald, Black
3 & Decker's president, chairman and chief
4 executive officer.

5 And Nolan will serve as executive
6 chairman; I will serve as the chief
7 executive officer of the new company.

8 So our board will consist of Nolan and
9 myself as what SEC would classify as
10 employee directors and 13 independent
11 directors.

12 Joining me on the management team,
13 meet the new bosses, same as the old
14 bosses, if you have heard that song.

15 Jim Loree will become executive vice
16 president and chief operating officer of
17 the combined company. And Don Allan,
18 our CFO will be senior vice president
19 and chief financial officer of the new
20 company.

21 The company name will be Stanley
22 Black & Decker. We will keep our

23 headquarters here in New Britain, but
24 there will be a major presence in the
25 center of the universe for power tools

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1 in Towson, Maryland.

2 As I mentioned before, maintaining a
3 presence in Towson is very important.

4 It's an iconic brand; it's a great
5 company; they are celebrating their
6 hundred year anniversary, and you can
7 think how we would feel if this
8 transaction was moving in the other
9 direction.

10 It's very important that we maintain
11 a strong presence in Towson, and we will.

12 We expect the transaction to close
13 in the first half of 2010, and given the
14 minimum overlap, we are committed to
15 getting this transaction closed.

16 As I said, it's currently valued at
17 4.5 billion dollars on an enterprise
18 value. My M and A 101 comment, there
19 was a little bit of confusion. I
20 thought it was a 3.5 billion dollar deal
21 versus a 4.5 billion dollar deal.

22 That's market cap equity versus

- 23 enterprise value.
 - 24 Simply said, market cap or market
 - 25 capitalization is a company's stock
-

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1 price times the number of shares
2 outstanding. Take Stanley 45 times 80
3 million or Black & Decker's 60 times
4 Stanley stock price, times 1.275, that
5 is three and a half billion.

6 The enterprise value to that, you
7 add long-term debt; you subtract cash.
8 so if you've seen two numbers, they are
9 both right.

10 One is market cap or equity value,
11 and one is enterprise value.

12 For those of you who know more about that
13 than I do, I apologize. For those of
14 you who don't, I hope that helps clarify
15 how big a deal this is.

16 I don't know where you all come
17 from, but 3.5 billion or 4.5 billion are
18 big numbers to me.

19 It really is remarkable how this
20 company fits with our strategic
21 objectives. Let me start by summarizing
22 the strategic framework which has been

23 in place for five years.

24 If anyone in this room goes back to

25 the Stanley Investor Presentations from

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1 2004 or 2005, what you see in black you
2 will see in that presentation. We have
3 stayed the course.

4 It starts with maintaining portfolio
5 transition momentum, and to be a
6 consolidator in the tool industry, while
7 increasing the relative weighting and
8 emerging markets. Well, this
9 transaction accomplishes all of that.

10 Very importantly, we have to be
11 selective and operate markets where the
12 brand is meaningful, where our value
13 proposition is definable, and
14 sustainable through innovation. And we
15 where we can achieve global cost
16 leadership.

17 We believe when these attributes are
18 present we can achieve above average
19 returns. That is why we are here.

20 I can't think of a company other
21 than Stanley which values these
22 attributes more highly than Black &

23 Decker.

24 Significant brand equity. What a

25 phenomenal story for our marketing teams

1 and our business development folks.

2 Extensive array of high value-added
3 products and a strong culture of
4 innovation at both companies. I know we
5 pride ourselves on our cultural
6 innovation, and if you are in some of
7 the areas where you compete for
8 attention with the same customers as
9 Black & Decker, I think you will
10 understand they have got a terrific
11 process as well.

12 We use the discovery team; they use
13 end users specialists. But importantly,
14 we are selling different products into
15 the same markets, which is what makes
16 the future so nice.

17 Both companies are cost leaders. We
18 will cement and secure our cost
19 leadership for years to come with this
20 transaction.

21 And probably more important, I want
22 to turn to growth. We have been so busy

- 23 cutting costs, buttoning down the
 - 24 hatches to get through the recession, it
 - 25 is easy to lose sight of why we are
-

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1 really here, to pursue growth on
2 multiple fronts, through building on our
3 existing growth platforms, as well as
4 developing new growth platforms over
5 time.

6 Clearly, the size and scale of this
7 acquisition, the new engineered
8 fastening growth platform and Emhart
9 Teknologies, a proprietary stud welding
10 and riveting system business that in
11 normal cases are mid-teen's operating
12 margins has great growth prospects, and
13 we are very much looking forward to
14 bringing those businesses into the
15 Stanley portfolio.

16 And last, but without question, not
17 least, we can accelerate the progress
18 with the Stanley Fulfillment System.

19 You are going to see, in a minute,
20 there's a terrific opportunity to apply
21 the SFS principles to the Black & Decker
22 activities and generate more cash and

23 even more operational efficiency from

24 what is already a great company.

25 I would like to address the Stanley

1 Fulfillment System, and hopefully, if
2 you haven't realized it, take a minute
3 to say it's been very successful for us
4 over the last three years. It's really
5 come to maturity, and it's really
6 generated some great benefits.

7 But the numbers speak louder than
8 the words. You can see on this chart
9 it's pretty simple. On the right-hand
10 side, Stanley has taken its working
11 capital turns from 4.3 back in 2006 to
12 6.1 at the end of 2008.

13 We fully expect to be in the mid
14 sixes, maybe even pushing seven, with
15 help from the top line, by the end of
16 this year.

17 Black & Decker has made some
18 improvements as well. Particularly in
19 the third quarter of 2009. It doesn't
20 show on this chart.

21 But we believe that the application
22 of the Stanley Fulfillment System to the

23 Black & Decker activities, we believe
24 with that we can free up an additional
25 500 million dollars in cash over the

1 next three years, and we fully expect to
2 capture that.

3 The second, I think you probably can
4 think ahead, there are a lot of good
5 things to do with that cash.

6 There is really nothing dramatically
7 different about the businesses. The
8 product lines are different, but we are
9 serving similar end markets and similar
10 customers that would prevent us from
11 doing that.

12 Let's look at our financial
13 objectives. Again, they haven't changed
14 since 2004. Stanley had financial
15 objectives in place depicted on the
16 chart, and during 2003 and through 2008
17 we achieved the overwhelming majority of
18 these particular objectives. And I
19 think, as a company, we prospered.

20 In late 2008 and 2009 the macro
21 economic environment had a significant
22 impact, negative impact on all of us.

23 That includes Stanley and includes
24 Black & Decker. But going forward, as
25 the economy is stabilized, we begin to

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1 grow again and we feel that these
2 objectives will achievable of the
3 combination of two companies, actually
4 puts us in a really nice place to
5 continue to go forward over the next
6 five to 10 years and hit these different
7 objectives in a different time frame.

8 Now I would like to really address
9 one of the myths about this transaction.
10 Some people, particularly external
11 people who do not understand Stanley as
12 well as the folks in this room, are people
13 that don't understand Black & Decker as
14 well as their 20,000 very capable
15 associates around the world. They seem
16 to think this is a bit of a regression
17 related to our diversification strategy.

18 And I suppose mathematically it is.
19 If you look at the chart -- it's a busy
20 chart, but I will walk you through it.

21 If you took purely a static look,
22 you might come to the conclusion that

23 it is a slight step backwards, for lack
24 of better terminology, toward more
25 concentration in CDIY.

1 First of all, we have a great CDIY
2 business, and so do they. And having it
3 be a major part of company, which it's
4 been for Stanley for many years isn't a
5 problem.

6 Perhaps if you just look at the
7 numbers, it's nowhere near as big a step
8 as people might have thought at first
9 blush.

10 Let me walk through the numbers.
11 The pie represents under Stanley and
12 Black & Decker the way we communicate
13 our segmentation of our company
14 externally.

15 And if we start with Stanley, you
16 can see 42 percent of our revenues come
17 from security, 34 percent from
18 construction and DIY, and 24 percent
19 from the industrial segment.

20 Black & Decker has a different way
21 of characterizing their segments.
22 Generally they are not so different than

- 23 Stanley four or five years ago where
 - 24 they report externally by product line
 - 25 or we might say SBU, or a collaboration
-

1 of SBUs, as opposed to buy-in markets.

2 When you break it down, they are 73
3 percent in tools and
4 accessories, 16 percent in hardware and
5 home improvement, and 11 percent in
6 fastening and assembly systems.

7 What we have done, with their help,
8 is attempted to recharacterize what the
9 segmentation might look like on a
10 prospective basis, if we simply use
11 Stanley's categories of CDIY, industrial
12 and security.

13 So those redish-orange arrows you
14 seen on the right actually show the
15 revenue from Black & Decker that would
16 go into each of the Stanley segments.

17 So you can see 2.9 billion goes in
18 construction and DIY. That comes both
19 from power tools and accessories, as
20 well as some from hardware and home
21 improvement.

22 And the other point I wanted to make

23 on this chart in terms of customer
24 concentration, at one point back in
25 2002, those are the small numbers on the

1 bottom, Stanley had 22 percent of its
2 business with one customer, and 40
3 percent of our total business was in
4 U.S. home centers and mass merchants.

5 We've talked a lot about, over the
6 years, about how we deliberately tried to
7 reduce our customer concentration. They
8 are great customers, but this is
9 good business sense for Stanley.

10 And by 2008 we are down to six
11 percent with our larger customers and 13
12 percent in U.S. home centers and mass
13 merchants.

14 On a pro forma business this
15 transaction takes us to about 12 percent
16 with our larger customers, so it doubles
17 from where we were, but it's still
18 half -- doubles from where we are today,
19 but is still half, only half of the
20 concentration where we were in 2004, and
21 about 24 percent with U.S. home centers
22 and mass merchants.

23 It's a number we feel comfortable
24 with. And it really takes us back,
25 essentially, a year or two in terms of

1 our concentration level. And we will
2 have the opportunity to continue to move
3 and continue to execute our strategy
4 going forward, successfully, as we have
5 in the past.

6 Again, those numbers focus on a 8.5
7 billion dollar combined entity, which is
8 three-quarters of actuals and our
9 outlooks for the fourth quarter.

10 But remember both Black & Decker and
11 Stanley are significantly down in
12 volume, as are so many companies, and
13 revenue.

14 Black & Decker is down about 23
15 percent year to date. Stanley is down
16 about 19.

17 2008 actuals added together, this is
18 a 10.5 billion dollar company. That is
19 how big we can be in the very near
20 future, excluding any benefit of
21 acquisition or any growth, other than
22 organic growth and help from the market.

23 That's really the key. It's just an
24 outstanding opportunity to combine two
25 companies and generate cash flow.

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1 From a portfolio perspective, while
2 a stall step toward concentration in
3 CDYI, it's absolutely one we can address
4 quickly, as I suggested, as our business
5 development team goes to work and we grow
6 all three of our businesses.

7 The next slide is, maybe, my
8 favorite one, because it talks about
9 growth and our existing three growth
10 platforms: Convergent Security, which
11 is the electronic security and services
12 business with an emphasis on commercial
13 monitoring and its capabilities; our
14 mechanical security business, which when
15 the companies combine will actually have
16 full continuum of products right from
17 the high end electro-mechanical locking
18 system all the way down to residential
19 lock sets, and then of course,
20 industrial and automotive tools.

21 With Facom, Mac, Proto we are
22 the number two franchise in the

23 industry, able to go head to head with

24 Snap On.

25 It's really exciting to think of the

1 potential from merging with Black &
2 Decker's power tool technologies and
3 products and developing them into these
4 markets so we continue to grow that
5 business.

6 Then we have some new growth
7 platforms. The exciting addition for
8 Black & Decker is engineered fastening
9 which is also based in Connecticut.

10 It's in Shelton and New Haven. It's the
11 former Emhart Teknologies business.

12 It's a proprietary stud welding and
13 riveting systems business. In normal
14 times they are in the mid-teens
15 operating margins, and has great growth
16 prospects.

17 We are very much looking forward to
18 adding that to our business.

19 And of course, you have heard Jim
20 and me talk a little bit about health
21 care and infrastructure. Two emerging
22 platforms we hope to grow to a billion

23 plus over the strategic planning period,
24 and we will have the extra cash flow to
25 do just that.

1 So we are bringing together two
2 great companies known for tools. But in
3 closing, I think it's really important
4 to emphasize our strategic direction
5 remains unchanged. We are a hundred
6 percent committed to the security solutions
7 business and our other high growth
8 platforms. And we are more than excited
9 about the new growth platform,
10 engineered fastening that I just
11 discussed that comes with the
12 combination with Black & Decker.

13 With the strong cash flow generated
14 by this merger we have increased
15 resources to invest in brand building
16 and all these growth platforms.

17 We achieved record gross margins in
18 the second and third quarters of 2009,
19 despite low volume. And we believe the
20 combined company will have further
21 opportunities for margin improvement
22 across all business segments, again

- 23 allowing us to maintain our long-term
24 capital allocation objectives.
25 Once we are satisfied that we have
-

1 maintained an investment grade, upper
2 tier credit rating, we will continue
3 with our strategy; our dividend strategy
4 remains unchanged, as we put in our
5 press release, and our cash allocation
6 strategy and capital allocation
7 strategy, going forward the intent is
8 two-thirds toward creative acquisitions
9 returning one-third to the shareholders
10 in equal parts, dividends and stock
11 buy-backs.

12 We will have a complementary and
13 comprehensive array of iconic brands
14 with global product offerings that are
15 also complimentary.

16 The transaction enhances the core
17 strength of each company, creates a
18 stronger global company with a shared
19 commitment to operational excellence.

20 And I think it's clear there is some
21 substantial synergy opportunities with
22 this transaction that many many people

23 on both sides have thoroughly vetted,

24 and we strongly believe are achievable.

25 Now, just based on the size of

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1 turnout, there is probably a question or
2 two about what this means for you.

3 I thought it was really important
4 for me to come talk to you today. Even
5 I don't know all the answers yet. It's
6 also nice to talk to a friendly audience
7 as opposed to media and investors who
8 have a lot of questions.

9 But I will say, we couldn't have had
10 a much better day or a much better
11 reception to this announcement in the
12 investment community and media, I think,
13 than we received it.

14 My preference would have been to be
15 here first, but it comes with the
16 territory. Customers first and media
17 second and employees third. And you
18 can't do it all at once, so I apologize
19 this meeting didn't take place
20 yesterday.

21 This is the best I could do. I
22 think it's important to note, we are a

23 global company. Jim Loree would love to

24 be here; Don Allen would love to

25 be here; Mark Mathieu and many of the

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1 senior executive are here.

2 Jim left on a plane last night and
3 landed in Brussels this morning. I think
4 you are aware Brussels is six hours
5 ahead of New Britain.

6 Jim is having the same meeting with
7 a large employee population in Europe at
8 the same time at 3:00 o'clock in the
9 afternoon in Brussels and 9:00 here.

10 And Don Allen is picking up the
11 baton for two or three of the investor
12 meetings.

13 I was scheduled to present in New
14 York today and tomorrow. So we are
15 dividing and conquering. You get me;
16 the investors get Don; the Europeans get
17 Jim. And you got the short straw, but
18 my house is in Farmington, and I am the
19 CEO.

20 I can tell you that we actually
21 expect this combination to be a smooth
22 process. I can also tell you, as I

23 already have, that the headquarters are

24 going to be here.

25 Power tools will stay to Towson, and

1 we will put the right people in the
2 right places to get the job done.

3 I can tell you there will be synergies
4 realized from the combination. We
5 outlined them in the press release; we
6 outlined them in the webcast, and we
7 will achieve them.

8 We expect the vast majority of our
9 employees to benefit from the increased
10 opportunities that are available as
11 being part of a much larger company.

12 And while any combination like this,
13 there will be employment adjustments
14 globally. That impact will be less than
15 10 percent of the combined work force.

16 At this point, and I cannot
17 emphasize this enough, the best and most
18 important thing for all of us to do is
19 remain focused on our work, and remain
20 focused on our customers.

21 The senior management team,
22 obviously, had this news a little bit

23 before you did. Just a good example,
24 Jeff Ansel spoke to 50 customers in the
25 last 24 hours; I spoke to three or four

1 of our largest customers, and so forth.

2 Stay focused on your customers, and
3 stay focused on our commitments.

4 As more important information
5 becomes available and more decisions are
6 made, you have my commitment, and Mark
7 Mattieu's and Tim Perra's, who does a
8 great job communicating to the large
9 Stanley employee population around the
10 world, we will keep you as informed as
11 we possibly can.

12 It's critically important to keep in
13 mind that this announcement is simply
14 the first step in a long process of
15 planning, integrating, and implementing.

16 Integration planning is already well
17 underway. An integration steering
18 committee has been identified to oversee
19 bringing these two companies together.

20 Nolan Archibald and I will cochair
21 this committee. And we have already
22 assigned some of Stanley's best, most

23 capable, and most experienced executives

24 to participate in the process.

25 In the months ahead, our

1 shareholders and many regulators have to
2 approve the transaction before it can
3 close and before the true integration
4 process can begin. This approval
5 process is likely to take several
6 months. And at this point our
7 expectation is the transaction will
8 close sometime in the first half of
9 2010.

10 We can not control the speed at
11 which that moves. Until that time, as
12 difficult it is for you, for me, for all
13 of us, it's business as usual.

14 And I do ask that you do everything
15 you can to ensure that we don't miss a
16 beat in delivering on our commitments to
17 our customers, to our shareholders and
18 each other.

19 As we work through this process,
20 keep in mind the goal of this
21 transaction is to significantly grow our
22 business over the long term, which, of

23 course, will ultimately result in
24 increased opportunities for both Stanley
25 and Black & Decker employees.

1 The communications team and Kate
2 White, Corbin Walburger, the investment
3 relations team with some help from Sard
4 Verbinnen and some real pros around the
5 world, have done a really good job
6 getting as much of this information
7 in one place and possible.

8 So, I strongly encourage you to
9 regularly visit the intranet, which will
10 serve as useful source of information
11 regarding this transaction as we update.

12 Also posted on the intranet you will
13 find press releases and frequently asked
14 questions, and a lot of materials that
15 will answer many of your questions, and
16 it will serve as a foundation for
17 discussion with colleagues and
18 employees.

19 We are simply thrilled about this
20 combination and the opportunity that it
21 puts in front of all of us.

22 Good timing on the part of Stanley.

23 Your work got us here.

24 Let's open it up for questions and

25 answers.

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1 Who is going to ask the first
2 question?

3 MR. GOLD: Please stand up for the
4 question and wait for the mic and hold
5 it close.

6

7 (Pause.)

8

9 CEO LUNDGREN: We are all a New
10 Britain audience, but Terry, if you
11 would just identify yourself for folks
12 who don't know you, Terry Christianson,
13 plant manager, New Britain.

14 I have done that for you, but --
15 only because Terry is a celebrity, at
16 least in his own mind.

17 MR. CHRISTIANSON: I am Terry
18 Christianson. I am the plant manager of
19 New Britain, plant for tools. My
20 question is, hopefully, in layman terms,
21 John.

22 On Monday when both stocks were

23 about \$45 share, Stanley chose and
24 through some process of determining that
25 it would be a one and a quarter kick for

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1 the Black & Decker people, could you
2 explain in layman terms how that comes
3 about, how that premium was established
4 as you guys were evaluating the merger?

5 And secondly, who took advantage or
6 could take advantage of that between
7 4:00 o'clock on Monday night and
8 Tuesday.

9 I mean, does -- how does that work
10 that off trading hours, that, you know,
11 that progresses as fast as it did?

12 CEO LUNDGREN: Good question. I
13 will do the best I can. I resist the
14 temptation to say Jim Loree and I took a
15 dart. It was very important --

16 Let me back up and -- thanks for
17 very much for the question, because you,
18 among others, bleed yellow and black;
19 you know this has been a vision.

20 Let me go back and say, because I
21 have been here -- I will be here six
22 years at the end of the year, and we are

23 just delighted to get this transaction

24 done.

25 I am the fourth Stanley CEO to

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1 have had a conversation with Black &
2 Decker about putting these two companies
3 together, and Don Davis, you know, an
4 icon in Stanley history, really put this
5 company on the map. And I was flattered
6 that was one of the first calls I got
7 when the announcement came out.

8 Don actually spoke with Black &
9 Decker somewhere between 25 and 30 years
10 ago. These companies belong together;
11 couldn't figure who would run the
12 company. Quote, pure mergers of equals
13 usually don't work with coCEOs and
14 somebody needs to be in charge. It's
15 quite that simple.

16 Dick Ayers spoke with Nolan
17 Archibald, the current CEO of Black &
18 Decker. And if I didn't say this, Mr.
19 Archibald has run Black & Decker for 24
20 years, a phenomenal leader of a great
21 company. Didn't work out.

22 John Trani met Nolan Archibald

- 23 to talk about putting these two
24 companies together. They couldn't agree
25 who would run it. They couldn't agree
-

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1 what the best way go forward was. They
2 didn't think the pain was worth the
3 activity. Nothing happened.

4 It's well recorded, and it needs to
5 be because it's a -- it's a public
6 transaction. I approached
7 Mr. Archibald. That is public record.
8 He said, What you would like to talk
9 about?"

10 I said, "We would like to talk about
11 merging the companies." So there is
12 lots of way to merge companies.

13 When we looked at this synergy
14 opportunity, we understood, and as I
15 gave us the math in layman's terms, 350
16 plus million times seven, creating two
17 and a half billion dollars of market
18 cap, at the time that was greater than
19 the market cap of either company.

20 We said, "We may not like each
21 other." But we do. We get along fine.
22 We didn't think of ourselves as

23 competitors. We were people who knew
24 one another. We said we need to find a
25 way to get this done.

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1 Of course, Nolan said, "I am going
2 to run the company. I have done it for
3 24 years." And I thought I might. So
4 rather than -- rather than put it on ice
5 for another seven years, I give Nolan a
6 tremendous amount of credit, because
7 that was both of our -- there is so much
8 value here we need to unlock it.

9 As he said in an interview, and it's
10 true, he said, "I could beat John in an
11 arm wrestling contest, but he is eight
12 or nine years younger than I am, and
13 it's obvious he should run the combined
14 company."

15 Nolan is 66. He is in perfect
16 health. And I think he will be doing
17 something. Certainly he is going to be
18 involved in our organization for at
19 least three years. He is a great leader
20 who really wasn't looking to retire.

21 But he ceded that Stanley had a
22 wonderful track record. He respected

- 23 Stanley management and understood
 - 24 somebody needed be in charge. Now let's
 - 25 make it as close to merger equal as
-

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1 possible.

2 The simple answer, Terry, is when
3 you cede control, you get a premium for
4 that. That is -- so therein we
5 established the fixed, a fixed exchange
6 ratio, which was negotiated, how big is
7 that premium.

8 If a Black & Decker shareholder and
9 saying I am not getting any more than I
10 am getting in the marketplace today, why
11 should we sell our company? We should
12 put it up for auction.

13 If you're Stanley, you know, if we
14 are going to control the company, we
15 have to expect to pay a premium.

16 A lead-on to that, though, is why an
17 all stock, because in layman's terms,
18 more cash, less equity, higher equity
19 returns. An all stock deal -- because
20 Black & Decker wasn't for sale, but by
21 an all stock deal with as close to 50/50
22 as we could get it, both sets of

23 shareholders benefit equally from the
24 capitalized value of that 350 million in
25 synergies times seven or eight. So both

1 shareholders will benefit.

2 That is why it was an all stock
3 deal, and that is why we think that both
4 shareholders will understand.

5 Based on the market's reaction, we
6 were delighted both sets of shareholders
7 got it.

8 It's unheard of, one in 20, maybe
9 we would need an investment banker, or I
10 don't Corbin -- I am sure Corbin is
11 here, is he is not? Corbin Walburger,
12 who many of you know is vice president
13 corporate development, spent 12 years at
14 Goldman Sachs, one in 20, Corbin, all
15 stock deal? One in 20, at the most, all
16 stock deal is announced and both stocks
17 go up.

18 Usually the acquirer's stock goes
19 down, and someone thinks there will be
20 some intervention.

21 But no other company, financial
22 buyers, no one else -- you need these

- 23 two companies together to realize these
- 24 synergies and that big lift.
- 25 Simple answer is we were afraid you
-

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1 might get in trouble if you would try
2 to do day trading or night trading, so
3 we didn't tell you.

4 You always announce these after the
5 market closes. The best reason being so
6 you can communicate with your investors,
7 some of whom are shocked, and some of
8 whom aren't, so you can talk to them
9 about what it is, explain the rationale,
10 after it's public information but before
11 the market opens.

12 The reason is, someone might say,
13 our larger shareholder, Barrow Hanley,
14 what have they done, sell five
15 million shares of Stanley into the
16 opening? We didn't want them to do
17 that, obviously.

18 So, we knew between announcement and
19 after market closes and the market opens
20 we could talk to our largest investor
21 and say, do you understand this; do you
22 understand the logic; what are your

23 questions?

24 That is why almost always it is done

25 after a market closes, to give you a

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1 chance to communicate before the market
2 opens.

3 The simple example -- the best way
4 to say it is, no one can take advantage
5 of it. And that is by design.

6 You also have arbitrage people and
7 everything else.

8 For those of you who didn't notice,
9 the beauty of it was their stock went up
10 31 percent; ours went up 10. How many
11 math majors here? What is the different
12 between 31 and 10? Twenty-one. Gee,
13 about the premium.

14 So it's important that those stocks
15 trade, you know, in that range,
16 because, assuming the deal closes, and
17 we think it will, we are confident it
18 will, you know you are going to get
19 essentially, not necessarily 21 or 22
20 percent, but whatever Stanley is selling
21 for, if you are a Black & Decker
22 shareholder, you are going to get 1.275

23 times that in Stanley stock the day it

24 closes.

25 The beauty of it is a lot of people

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1 said, I want Stanley stock; I will take
2 some now, if you will, which is a very
3 very nice reaction.

4 I hope that helps and covers both of
5 your questions. I covered a few other
6 things, because I think they are
7 important to communicate. But our
8 financial advisors, in providing a
9 fairness opinion, which they are
10 required to do in a transaction like
11 this, because ultimately our board of
12 directors who unanimously approved in
13 transaction, they need to feel that, you
14 know, that proper advice, proper due
15 diligence, proper accounting was done,
16 in providing their fairness opinion
17 they, obviously, opined this was a fair
18 deal for the Stanley shareholders.

19 They would say the synergy numbers
20 for a transaction of this size were un
21 precedented.

22 If you think about why, we have

23 talked about it. No overlap in the
24 businesses but common customers, common
25 markets, common end markets, so we

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1 simply said, We think, we think that is
2 why the deal was so well received on, if
3 you will, both sides of Wall Street.

4 Okay. Long answer to a simple
5 question.

6 SPEAKER 1: Thank you, John. The
7 other thing I would just add is that it
8 is interesting that a deal this large,
9 the information did not get out to the
10 Stanley employees. There were no leaks
11 as far as we were concerned. Amazing.

12 CEO LUNDGREN: That's what happens.
13 You are over there productively making
14 tools, Terry. That is what we are
15 paying you for. I figured if we needed
16 your opinion we would have asked for it.

17 One of the reasons it does happen --
18 Terry has given me, I guess, permission
19 to publicly tease, him and he knows if I
20 didn't truly respect him as a person and
21 manager I would never do that.

22 That is a huge risk, Terry, always,

- 23 because all of a sudden what happens,
24 there is a leak, oh, Stanley is buying
25 Black & Decker; Black & Decker's stock
-

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1 runs up. Guess what? Now we can't buy
2 Black & Decker.

3 So that is why -- this was a big
4 deal, obviously. This wasn't a 40
5 million dollar acquisition of a division
6 of a privately-held company. These are
7 two publicly-traded companies. There
8 were people in the corporate staff
9 involved. They had to be.

10 And you know, I will take a
11 second -- I won't acknowledge specific
12 individuals, but Bruce Beatt's team
13 worked very hard to make it clear what
14 you could do and what you couldn't do,
15 if you were aware that this transaction
16 is going on. But as due diligence
17 starts to be performed and you get
18 closer to an announcement, obviously,
19 more people had to be involved.

20 But Don Allen's entire team, at the
21 senior level, Mike Bartone's team, Craig
22 Douglas and his team, Bruce Beatt's

23 entire team. There were probably 20
24 people at Stanley, by last month, aware
25 that this transaction was going to take

1 place.

2 And I look at the back of the room,
3 you know, just incredible professionals.
4 Tim Perra, staff from Sard Verbinnen,
5 who is an extraordinary, if you will, PR
6 firm that the deals and things just like
7 this, to ensure that all that
8 information is ready and locked and
9 loaded.

10 But they are real professionals, and
11 they understand that any of that getting
12 outside the circle before would have
13 devastating conversations.

14 So we were advised, as I said by
15 Goldman Sachs and Deutsche Bank, two world
16 class financial organizations, Cravath
17 Swain & Moore, you know, incredibly
18 competent and capable, and Bruce reminds
19 me, a very expensive law firm in New
20 York City.

21 And two of the ladies are here from
22 the Sard Verbinnen team, and from top to

- 23 bottom, Kate White, if I didn't mention
 - 24 Kate, Tim Para, did a phenomenal job
 - 25 having all this information, knowing
-

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1 they couldn't share it with anybody.

2 That is why they are Pros.

3 Another question?

4 MR. GOLD: Could the next questioner

5 please stand up.

6 MS. SCHMIDT: Hi. Mary Schmidt,

7 Stanley Proto CFO.

8 The question I have, you mentioned

9 we are going around communicating to our

10 employees and Don and Kate are

11 communicating with our investors. What

12 is the plan for communicating to the

13 Black & Decker employees, and then

14 eventually to their investor group, and

15 will our team be a part of the

16 communication to their investor group?

17 CEO LUNDGREN: Very good. Thanks

18 for the question. Where is Bruce?

19 Press the play button. He is not here? He is probably

20 resting. He lost a lot of sleep.

21 Bruce, why don't you take the

22 microphone? We have communicated --

23 Marybeth, thanks so much for asking the

1 question.

2 I will give you the thousand foot
3 version, and while we would love to
4 communicate with them, in other words, I
5 would love for Jeff Ansel's team to be
6 able to get to their national accounts
7 team, we simply can't do that yet.

8 Remember my words that said, Until
9 this closes it's business as usual. We
10 are going to do some integration
11 planning. There is tremendous
12 sensitivity on the other side.

13 If, for any reason, this deal
14 doesn't close, we would do irreparable
15 damage.

16 So, Bruce, could I ask you to.

17 BRUCE: Yes.

18 CEO LUNDGREN: So, Marybeth, simply
19 said, there won't be a lot of
20 interaction between us and our
21 counterparts at Black & Decker, certainly
22 until the deal is very close to closing.

23 You know, I have made it clear to
24 Nolan, as has Jim and others, we are
25 available if your people want to see me,

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1 and you know, hopefully, conclude I am
2 not a fire breathing dragon, because I
3 am their new boss.

4 But we need to walk a very fine
5 line.

6 Bruce, let me defer to you, please.

7 BRUCE: I think John emphasized
8 what is most important is that we are
9 basically going to run as independent
10 companies. We have an anti-trust
11 review, so we are going stay away from
12 one another except for the integration
13 team, which knows the does and dont's
14 about talking and doing it properly.

15 So, do it that way, and if there is
16 communication, it will be processed
17 through our integration team, headed up
18 by Brett Bontrager.

19 CEO LUNDGREN: Essentially, every
20 business head, every department head,
21 every manager, if you haven't seen it,
22 you will, in the FAQs there is a whole

23 series of dos and doesn't, and

24 obviously, Marybeth, this is only an

25 announcement plus 24 or 36 hours. It's

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1 quite specific what you can and can't
2 do.

3 And I will just reemphasize, stick
4 to the script. You're not doing anybody
5 any favors by speculating. And you
6 know, as I say, as you saw, much more
7 than you are used to, I -- I stick to
8 the script as well.

9 Because at this stage, because we
10 are both publicly-traded companies, much
11 of what we do in large groups must be
12 recorded, must be filed, and the worst
13 thing to do would be recording opinions
14 that, quite frankly, that A, aren't
15 correct, and B, could have an adverse
16 impact on our ability to move forward.

17 So we have to walk a fine line.

18 We want to get going. This is a
19 huge transaction, and there is some
20 regulatory approvals that are going to
21 be required.

22 So he doesn't have to identify

23 himself for those of you who don't know,

24 Mike Proto, who is vice president of

25 Global Sourcing.

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1 MR. PROTO: Thank you. At the same
2 time many of us are being contacted by
3 suppliers. We buy a lot; they buy a
4 lot, and I guess it's also important to
5 know I think those same rules apply to
6 the supply base. So Bruce or John,
7 maybe you can expound a little bit on
8 that.

9 CEO LUNDGREN: Same thing in terms
10 of business as usual. That is one area,
11 and Bruce, you clarify or correct what I
12 say wrong, one area where they are going
13 to be more sensitive than we are, again,
14 because if, for any reason, this
15 transaction didn't close, you know, they
16 need to have an organization that is
17 locked and loaded and can carry on.

18 There are ways, and it's called a
19 clean room. It's a process that is set
20 up where Black & Decker could submit its
21 data, what commodity you buy from
22 supplier X, and what do you pay for it.

23 We can do the same thing. That can
24 be scrubbed, if you will, by an
25 independent third party. It can be a

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1 consulting firm, and we have retained, I
2 will say, the A team, from Bain and
3 Company, a company that is
4 extraordinarily well established with a
5 lot of real smart people, with a great
6 knowledge of our original organization,
7 many of you with have worked with them,
8 to help us through that process.

9 All they know is it's commodity A
10 and supplier A. And they can look at
11 that and say, yes, there is a big
12 difference, so its probably a synergy
13 there.

14 And but names and numbers and
15 collaboration can not happen until the
16 deal closes.

17 There is a process whereby day one
18 we can get going on it, as opposed to
19 trying to do it ahead of time.

20 So, for those of you in the
21 procurement area, or I am thinking some
22 of the CDIY/SBU leaders, who I know work

- 23 with procurement but also work with
 - 24 suppliers of components and end product,
 - 25 it's the same thing.
-

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1 Gene, that is very interesting.

2 Talk to me. That is good information to
3 know. Talk to me when the deal closes.

4 Anybody else.

5 JODIE: Jodie ck, working with Mike
6 Proto on GSM.

7 John and Jeff, you mentioned that
8 you spoke to a lot of our key customers,
9 three, and Jeff about 50. What were the
10 reactions, and was there any
11 unanticipated concerns?

12 CEO LUNDGREN: Yes. I will take it.

13 Jeff, if you want to add to it. First
14 of all, we have, I will say a history, a
15 good history and a rule that, quite
16 frankly, it's one that Jeff Ansel taught
17 me on arriving to Stanley, we don't
18 speak on behalf of our customers; we
19 don't ever show the investment community
20 a new product before our customers have
21 seen it; and if our customers want their
22 comments, you know, shared broadly, they

23 will make them publicly.

24 So I want to be, you know, very

25 careful, because, you know, the SEC and

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1 investment community want to know all
2 that, too.

3 Jeff gave me this. These are just
4 sound bites from his 50 conversations.
5 Okay? I asked it be printed out this
6 morning. I had the good fortune, and
7 won't even name names, but between Nolan
8 Archibald and myself, assume it to say
9 we spoke to the top of, essentially
10 every customer, both common customers
11 and not.

12 The reaction was extraordinarily
13 positive, and where we thought, you
14 know, there might some issues, negatives,
15 a lot say, you got to get this closed,
16 good luck, two wonderful companies
17 combining; let's get this closed and
18 work with you on how we can sell more of
19 both of your products.

20 So that was the general. I didn't
21 think we were expecting armageddon.

22 What I will say, and what I am

23 comfortable saying -- I know Jeff is
24 here. I am looking around like he's
25 sitting there.

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1 Sorry, Jeff. I am not used to you
2 with a coat on, you know.

3 Jeff, because Jeff probably has --
4 Jeff and his organization probably has
5 more customers to face than anyone else
6 in the room, so Jeff was somebody I
7 said, I don't know what your plans were
8 on Monday night but, it ain't going to
9 be watching the World Series and
10 football game.

11 We didn't expect any especially knee
12 jerk reaction day one. But our
13 customers will be contacted by the
14 regulatory authority. You know, and it
15 would have been good for us to know if
16 there were any really adverse reactions.

17 So far they are not. I will go
18 so far as to say they have been
19 surprisingly supportive. You are two
20 great companies. This deal makes sense,
21 and we think it will be a better
22 company.

23 Let's face it, put these two
24 companies together, do we really have
25 have more leverage against any of the

1 big box companies? No way.

2 Black & Decker is an important
3 supplier; Stanley is an important
4 supplier; hopefully the combined
5 companies are an even more important
6 supplier.

7 I got a lot of let's figure out how
8 we can work together and sell more
9 products.

10 We are really happy with the growth
11 of our relationship over the last year
12 or two, and let's work together to
13 figure out how we can sell more combined
14 products when the deal closes.

15 That is a so far so good. You never
16 know what will happen down the road.

17 Do we have time for one more?

18 Question back here, Jim? Or two. You
19 know, I have been doing nothing but
20 talking the last three days, so if we
21 stop by noon it's a short day for me.

22 MR. HUETTER: I am Dan Huetter,

- 23 corporate brand marketing. I am
 - 24 wondering, why does a deal like this get
 - 25 communicated publicly before it actually
-

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1 closes? Aren't there some, I guess
2 risks, in case for some reason it
3 doesn't work.

4 CEO LUNDGREN: On the contrary, Dan.
5 Risks are -- that is what -- if you ever
6 heard the fond term arbs or arbitrage
7 traders, they are going to trade on the
8 fact this deal won't close. Some will
9 make a little money and some will lose a
10 lot of money. It serves them right.

11 Once the boards of directors have
12 agreed on a material transaction of a
13 publicly traded company, we have, and
14 Bruce is our expert, but we have four
15 days to announce it. And you are far
16 better off announcing it within four
17 minutes, because a lot of misinformation
18 will get out.

19 So there is never a deal involving
20 two public companies, realistically,
21 that can be announced at closing.

22 We will announce some small

23 transactions. We will -- in other
24 words, we will announce it and close it
25 at the same time. Particularly if they

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1 were not publicly traded, because there
2 is not a lot of folks out there
3 speculating or trying to trade on inside
4 information.

5 That is why this is so important.

6 Right now there is no material new
7 information provided at this meeting.

8 There is no one that will not have
9 access to what I am saying, how I am
10 answering your questions. That is
11 required by the SEC, because we are both
12 publicly-traded companies, and there
13 will be people taking positions and
14 opinion based on what they think the
15 stocks will do, whether they think this
16 deal will close or not.

17 It's a big game. I don't mean to
18 downplay it.

19 But we are legally obligated to
20 announce this deal publicly to set
21 within hours of when the board of
22 directors of both companies agrees to

23 it.

24 But we announce it with all the

25 caveats. It needs regulatory approval;

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1 it needs shareholder approval for both
2 companies, because we issue -- we are
3 going to issue 70 million new shares of
4 stock. That is all part of process.

5 You announce it with the caveats,
6 but you announce it so immediately
7 everybody is on the same page and
8 everything has the same information.

9 It's a legal obligation for
10 publicly-traded companies.

11 One more. I will take them until I
12 am worn out or it gets to be a quarter
13 past 10:00. Then we all need to go back
14 to work.

15 You can read about this on the
16 intranet.

17 SABRIA: Hi John. I am Sabria from
18 global supply management. I was just
19 curious to know how does this
20 transaction impacts our presence and
21 footprint in Europe and Asia?

22 CEO LUNDGREN: Europe and Asia? I

- 23 will add Latin America to that. Both
- 24 companies have significant presence in
- 25 Europe, and I would think I think Black
-

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1 & Decker has done a little better job in
2 eastern Europe or former eastern Europe
3 than we have.

4 But just like North America, we are
5 going to be a bigger company in Europe.
6 Again, though, the fit is beautiful. We
7 are Facom and Proto and industrial
8 tools and Jeff Ansel's terrific business
9 in hand tools.

10 They are power tools. They have a
11 European business head. He happens to
12 be based near London as opposed to near
13 Brussels.

14 So our business is going to become
15 about twice as big in Europe.

16 They haven't made much more progress
17 in Asia than we have. Business
18 situation is quite similar. Where they
19 are growing rapidly from a low base,
20 they do a lot of sourcing, and they do a
21 lot of production there. So it's just
22 gives us more -- how do I say --

23 organizational capacity to grow.

24 Their headquarters happens to be in

25 Shanghai and so is ours.

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1 Six months from now we will probably
2 share an office and sharing an
3 management team.

4 They are just scratching the surface
5 in India, as we are. So that is
6 similar.

7 One of the things that Jeff and I
8 and others were quite surprised to learn
9 is how much bigger their business is in
10 Latin America than ours.

11 Yes, we are the core; we have a lot
12 to learn from them.

13 Simply said, we are going to double
14 our size in Asia, but it's from a small
15 base. We are going to about double our
16 size in Europe, but it's from a big
17 base, and we are going to have a broader
18 array of products to attack those
19 emerging markets, and hopefully, grow
20 even faster with a different skill set.

21 MR. GOLD: Do you have any more?

22 Okay.

23 SPEAKER: John, can you share your.

24 CEO LUNDGREN: You need to introduce

25 yourself.

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1 SOMEONE FROM IT: Okay. I am Buron
2 Baraji CK from IT. This is an exciting
3 acquisition, but I want to understand
4 your thoughts on the cultural aspect in
5 integration. How do you see our culture
6 fitting with BDK?

7 CEO LUNDGREN: So far -- Thank you
8 for that question. The answer is we
9 don't know. We haven't spent enough
10 time with them yet, but if we thought
11 there was going to be a tremendously --
12 if we thought there was going to be a
13 lot of difficulty, we wouldn't proceed
14 with the transaction. We are talking
15 about 40,000 people.

16 I think two things importantly.
17 This was not a hostile takeover. It was
18 a negotiated merger, where two CEOs,
19 ultimately two executive management
20 teams and two sets of boards of
21 directors said there is two and a half
22 billion dollars worth of value creation

23 out there by putting these two companies

24 together.

25 You have to put them together

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1 successfully or that doesn't get
2 realized.

3 Let's say, first, there is a pretty
4 good incentive for everybody involved to
5 get this done.

6 I think to the extent there are
7 differences, we both have long, rich
8 histories. I think we both have a
9 history of product innovation.

10 I think -- I am proud of the fact I
11 believe we have developed in the last
12 three or four years a reputation for
13 operational excellence, and I think that
14 is respected and it's respected by the
15 other side.

16 You know, our success with
17 integrating acquisition speaks for
18 itself. And thus far, all we have been
19 able to present to senior management of
20 the other side is, this is how we would
21 go about trying to put these two
22 companies together; what do you think.

23 And it was very well received.

24 Simply said -- it was a great

25 question. Way too early to tell, but if

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1 we saw anything that looked like
2 irreconcilable culture classes or
3 culture conflicts, we would have -- it
4 would have been prudent not to proceed
5 with the deal.

6 Most importantly, this was, as I
7 say, not the hostile takeover you read
8 about in the paper.

9 To Dan Jester's question, those are
10 the things at that go back and forth and
11 back and forth, and you know, the
12 arguments are fought in the media.

13 Obviously they wanted more; we
14 wanted to pay less; lots of negotiations
15 and ultimately you shake hands and say
16 it's a deal, and the lawyers go write it
17 up.

18 So this was a friendly merger, its
19 the best way to describe it. But you
20 know, one company ultimately needs to be
21 in control. And you know, if, among
22 other reasons, based on the hard work of

23 20,000 people around Stanley, we were in
24 the fortunate position to do that.
25 Black & Decker could just as easily

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1 have done that. The time was good for
2 us; the time was good for them. And
3 that is why -- they say three is a
4 charm. It took four tries, but we were
5 able to come to terms how to put the
6 companies together and realize the
7 economic benefits, how to create career
8 opportunities for the overwhelming
9 majority of employees, figure out how we
10 are going to run it, and move forward.

11 Is that, you know, most of that we
12 got to on Monday night. The hard work
13 only starts now.

14 Let's call it a day unless --
15 let's call it day. And what I can say
16 is there will be more to come. You will
17 hear, you know, lots of true rumors and
18 lots of false rumors. Most of you have
19 heard me say the only bad question is
20 the question that you don't ask.

21 Tim and Kate and others have really
22 set up, I think, a great way for you to

- 23 get a question asked and answered. If
 - 24 we can't answer and are allowed to, we
 - 25 will get back to you.
-

1 If we can't answer it because we are
2 at a stage in the process where we don't
3 know or are legally constrained from
4 doing so, we will tell you that.

5 Let's wrap up. Great day yesterday
6 in the history of Stanley. And let's
7 hope the next 160 years are better than
8 the last 160.

9 Thank you.

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11 (Whereupon the meeting was concluded
12 at 10:00 o'clock a.m.)

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1 CERTIFICATE

2 I, JENNY C. EBNER, R.P.R., L.S.R., do
3 hereby certify that the foregoing public hearing
4 at Stanley Works for employees was taken on
5 November 4, 2009, and is true and accurate to the
6 best of my knowledge and belief.

7

8 _____
9 Jenny C. Ebner, R.P.R., L.S.R.,
10 Certified Court Reporter.
11 CT. License 00030

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CAUTIONARY STATEMENTS

Under the Private Securities Litigation Reform Act of 1995

Statements in this document that are not historical, including but not limited to those regarding the consummation of the proposed transaction between Stanley and Black & Decker and the realization of synergies in connection therewith, are “forward looking statements” and, as such, are subject to risk and uncertainty.

Stanley’s and Black & Decker’s ability to deliver the results as described above is based on current expectations and involves inherent risks and uncertainties, including factors listed below and other factors that could delay, divert, or change any of them, and could cause actual outcomes and results to differ materially from current expectations. In addition to the risks, uncertainties and other factors discussed in this document, the risks, uncertainties and other factors that could cause or contribute to actual results differing materially from those expressed or implied in the forward looking statements include, without limitation, those set forth in the “Risk Factors” section, the “Legal Proceedings” section, the “Management’s Discussion and Analysis of Financial Condition and Results of Operations” section and other sections of Stanley’s and Black & Decker’s Annual Reports on Form 10-K and any material changes thereto set forth in any subsequent Quarterly Reports on Form 10-Q, those contained in Stanley’s and Black & Decker’s other filings with the Securities and Exchange Commission, and those set forth below.

These factors include but are not limited to the risk that regulatory and stockholder approvals of the transaction are not obtained on the proposed terms and schedule; the future business operations of Stanley or Black & Decker will not be successful; the risk that the proposed transaction between Stanley and Black & Decker will not be consummated; the risk that Stanley and Black & Decker will not realize any or all of the anticipated benefits from the transaction; the risk that cost synergy, customer retention and revenue expansion goals for the transaction will not be met and that disruptions from the transaction will harm relationships with customers, employees and suppliers; the risk that unexpected costs will be incurred; the outcome of litigation (including with respect to the transaction) and regulatory proceedings to which Stanley or Black & Decker may be a party; pricing pressure and other changes within competitive markets; the continued consolidation of customers particularly in consumer channels; inventory management pressures on Stanley’s and Black & Decker’s customers; the impact the tightened credit markets may have on Stanley or Black & Decker or customers or suppliers; the extent to which Stanley or Black & Decker has to write off accounts receivable or assets or experiences supply chain disruptions in connection with bankruptcy filings by customers or suppliers; increasing competition; changes in laws, regulations and policies that affect Stanley or Black & Decker, including but not limited to trade, monetary, tax and fiscal policies and laws; the timing and extent of any inflation or deflation in 2009 and beyond; currency exchange fluctuations; the impact of dollar/foreign currency exchange and interest rates on the competitiveness of products and Stanley’s and Black & Decker’s debt programs; the strength of the U.S. and European economies; the extent to which world-wide markets associated with homebuilding and remodeling continue to deteriorate; the impact of events that cause or may cause disruption in Stanley’s or Black & Decker’s manufacturing, distribution and sales networks such as war, terrorist activities, and political unrest; and recessionary or expansive trends in the economies of the world in which Stanley or Black & Decker operates, including but not limited to the extent and duration of the current recession in the US economy.

Neither Stanley nor Black & Decker undertake any obligation to publicly update or revise any forward-looking statements to reflect events or circumstances that may arise after the date hereof.

Additional Information

The proposed transaction involving Stanley and Black & Decker will be submitted to the respective stockholders of Stanley and Black & Decker for their consideration. In connection with the proposed transaction, Stanley will file with the Securities and Exchange Commission (the "SEC") a registration statement on Form S-4 that will include a joint proxy statement of Stanley and Black & Decker that will also constitute a prospectus of Stanley. Investors and security holders are urged to read the joint proxy statement/prospectus and any other relevant documents filed with the SEC when they become available, because they will contain important information. Investors and security holders may obtain a free copy of the joint proxy statement/prospectus and other documents (when available) that Stanley and Black & Decker file with the SEC at the SEC's website at www.sec.gov and Stanley's website related to the transaction at www.stanleyblackanddecker.com. In addition, these documents may be obtained from Stanley or Black & Decker free of charge by directing a request to Investor Relations, The Stanley Works, 1000 Stanley Drive, New Britain, CT 06053, or to Investor Relations, The Black & Decker Corporation, 701 E. Joppa Road, Towson, Maryland 21286, respectively.

Certain Information Regarding Participants

Stanley, Black & Decker and certain of their respective directors and executive officers may be deemed to be participants in the proposed transaction under the rules of the SEC. Investors and security holders may obtain information regarding the names, affiliations and interests of Stanley's directors and executive officers in Stanley's Annual Report on Form 10-K for the year ended January 3, 2009, which was filed with the SEC on February 26, 2009, and its proxy statement for its 2009 Annual Meeting, which was filed with the SEC on March 20, 2009. Investors and security holders may obtain information regarding the names, affiliations and interests of Black & Decker's directors and executive officers in Black & Decker's Annual Report on Form 10-K for the year ended December 31, 2008, which was filed with the SEC on February 17, 2009, and its proxy statement for its 2009 Annual Meeting, which was filed with the SEC on March 16, 2009. These documents can be obtained free of charge from the sources listed above. Additional information regarding the interests of these individuals will also be included in the joint proxy statement/prospectus regarding the proposed transaction when it becomes available.

Non-Solicitation

A registration statement relating to the securities to be issued by Stanley in the proposed transaction will be filed with the SEC, and Stanley will not issue, sell or accept offers to buy such securities prior to the time such registration statement becomes effective. This document shall not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of such securities, in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to appropriate registration or qualification under the securities laws of such jurisdiction.