

NEW YORK COMMUNITY BANCORP INC
Form 8-K
October 11, 2005

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 8-K

CURRENT REPORT

Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): October 10, 2005

NEW YORK COMMUNITY BANCORP, INC.

(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction of
incorporation or organization)

0-31565
Commission File Number

06-1377322
(I.R.S. Employer Identification No.)

615 Merrick Avenue, Westbury, New York 11590

(Address of principal executive offices)

(516) 683-4100

(Registrant's telephone number, including area code)

Not applicable

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(Former name or former address, if changed since last report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- .. Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
 - .. Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
 - .. Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
 - .. Pre-commencement communications pursuant to Rule 13e-4c under the Exchange Act (17 CFR 240.13e-4(c))
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CURRENT REPORT ON FORM 8-K

Item 7.01 Regulation FD Disclosure

On October 10, 2005, New York Community Bancorp, Inc. (NYB) and NBG International Holdings BV (NBG International), a wholly-owned subsidiary of the National Bank of Greece, entered into a definitive agreement under which NYB will acquire all of the outstanding shares of common stock of Atlantic Bank of New York (Atlantic), a wholly-owned U.S. subsidiary of NBG International, for \$400.0 million in cash.

Beginning on October 11, 2005, New York Community Bancorp, Inc. intends to make available to investors, and post on its web site, a written presentation regarding its prospective acquisition of Atlantic. In addition, the written presentation will be discussed during a conference call on October 11, 2005. The written presentation is attached hereto as Exhibit 99.1. In addition, a press release announcing the transaction is filed as Exhibit 99.2 to this report.

Item 8.01 Other Events

On October 11, 2005, NYB issued a press release announcing the signing of a definitive agreement under which it will acquire Atlantic for \$400.0 million in cash. The press release is attached as Exhibit 99.2 to this report.

Item 9.01 Financial Statements and Exhibits

(d) Exhibits.

The following Exhibits are attached as part of this report:

- 99.1 Written presentation dated October 10, 2005 regarding NYB's prospective acquisition of Atlantic, which NYB intends to make available to investors and post on its web site, beginning on October 11, 2005, and to discuss during a conference call on October 11, 2005.
- 99.2 Press release dated October 11, 2005, announcing that NYB and NBG International have entered into a definitive agreement under which NYB will acquire Atlantic.

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

Date: October 11, 2005

NEW YORK COMMUNITY BANCORP, INC.

/s/ JOSEPH R. FICALORA
Joseph R. Ficalora
President and Chief Executive Officer

EXHIBIT INDEX

Exhibit 99.1 Written presentation dated October 10, 2005.

Exhibit 99.2 Press release issued on October 11, 2005.

000000; background: #FFFFFF"> **Item (I):** Reflects adjustments to cash relating to the following:

	(\$ in millions)
Estimated acquisition-related transaction costs of Stanley and Black & Decker	\$ (70.0)
Estimated repayment of certain Black & Decker long-term debt(a)	(175.0)
Proceeds from refinancing of Black & Decker's long-term debt with commercial paper(a)	175.0
	\$ (70.0)

(a) See item (P) below for short-term and long-term debt obligations.

Item (J): To adjust acquired inventory to an estimate of fair value. In the periods following consummation of the merger, Stanley's cost of sales will reflect the increased valuation of Black & Decker's inventory as the acquired inventory is sold, which for purposes of these unaudited pro forma condensed combined financial statements is assumed will occur within the first year post-acquisition. This is considered a non-recurring adjustment with no continuing impact on the combined operating results and as such is not included in the unaudited pro forma condensed combined statement of income.

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Item (K): To adjust for the estimated difference between the book value and the fair value of net property, plant and equipment. The pro forma adjustment to Black & Decker's property, plant and equipment, net of \$50 million to increase the historical net book value at September 27, 2009, was derived based on adjustments recorded in similar acquisitions of other companies with assets similar to Black & Decker.

Item (L): Reflects adjustments to Goodwill as follows:

	(in millions)
Estimated transaction goodwill	\$ 3,376.1
Eliminate Black & Decker's historical goodwill	(1,226.7)
	\$ 2,149.4

Item (M): As of the effective time of the merger, identifiable intangible assets are required to be measured at fair value. For purposes of these unaudited pro forma condensed combined financial statements, it is assumed that all assets will be used in the operations of the combined business and that all assets will be used in a manner that represents the highest and best use of those assets. The pro forma adjustments to intangible assets have the impact of recording the estimated fair value of intangible assets at the merger date, and eliminating the Black & Decker historical intangible assets.

	Fair Value	Elimination (in millions)	Adjustment
To record the estimated fair value of the following identifiable intangible assets			
Tradenames-indefinite-lived	\$ 1,200.0	\$ (193.9)	\$ 1,006.1
Tradenames-estimated 5 to 10 year useful life	170.0	(11.2)	158.8
	1,370.0	(205.1)	1,164.9
Customer relationships-estimated 12 year useful life	530.0	(52.5)	477.5
Other intangible assets-estimated 10 year useful life	130.0	(12.5)	117.5
	\$ 2,030.0	\$ (270.1)	\$ 1,759.9

Item (N): The adjustment to Other assets represents the write off of Black & Decker's unamortized debt issuance costs of \$8.0 million as there are no future economic benefits associated with these assets.

Item (O): The adjustment to Accrued expenses of \$37.9 million represents certain Black & Decker employee benefit related amounts that will become payable as a result of the merger pursuant to the terms of the existing change-in-control contractual arrangements, and is net of amounts already included in Black & Decker's balance sheet as of September 27, 2009. The adjustment is comprised of \$45.8 million of incentive plan benefits, partially offset by an associated \$7.9 million tax benefit. This is an estimate that may change once the underlying calculations are finalized.

Item (P): The adjustment to Short-term obligations and Long-term debt obligations reflects adjustments for the following:

	(in millions)
Repayment of Black & Decker long-term debt(a)	\$ (175.0)
Estimated fair market value adjustment of the assumed Black & Decker debt that will not be repaid in conjunction with the merger(b)	53.4
	\$ (121.6)

- (a) Black & Decker has certain long-term debt whereby under change in control provisions this debt is required to be repaid. This amount represents the estimated long-term debt to be repaid upon closing of the merger due to such provisions. The repayment of this debt is expected to be funded through the issuance of commercial paper under Stanley's pre-existing facility at or prior to completion of the merger. The balance sheet impact of this commercial paper issuance of \$175 million has been reflected in the pro forma condensed combined balance sheet as an increase to Short-term obligations.

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(b) See Note 5, *Debt*.

Item (Q): The adjustment to deferred tax liabilities represents the estimated deferred income tax liability based on the U.S. federal statutory tax rate of 35% multiplied by the fair value adjustments made to assets acquired and liabilities assumed, excluding goodwill as noted below. For purposes of these unaudited pro forma condensed combined financial statements, the U.S. federal statutory tax rate of 35% has been used for all periods presented. This rate does not reflect Stanley's effective tax rate, which includes other tax items such as state and foreign taxes as well as other tax charges or benefits, and does not take into account any historical or possible future tax events that may impact the combined company. When the merger is completed and additional information becomes available, it is likely the applicable income tax rate will change. The adjustment reflects the following:

	(in millions)
Establish deferred tax liabilities (assets) for the following:	
Net increase in the basis of identified acquired intangible assets(a)	\$ 616.0
Increase in the basis of inventory	75.7
Increase in the basis of property, plant and equipment	17.5
Increase in the basis of post-retirement benefits(b)	(26.4)
Increase in the basis of debt	(18.7)
Reduction in debt issuance costs	(2.8)
	\$ 661.3

(a) Net of Black & Decker's historical intangible assets, see Note 8, Item M.

(b) Deferred tax calculated on the deductible portion of this adjustment.

Item (R): Black & Decker sponsors defined benefit pension plans in the U.S., and various other countries, as well as a post-retirement medical plan in the U.S. The adjustment to increase the Black & Decker post-retirement benefit liabilities is comprised of adjusting these benefit liabilities to their funded status as of the October 3, 2009 pro forma condensed combined balance sheet date utilizing the fair value of plan assets and applicable discount rates at that date, as well as an enhancement of an executive retirement plan stemming from contractual change in control provisions. The elements of the adjustment are presented in the following table.

	(in millions)
Adjustment to the fair value of plan assets (a)	\$ (74.7)
Adjustment for discount rates (b)	143.3
Adjustment to the executive retirement plan resulting from the change in control	29.5
Total adjustment to defined benefit pro forma liability at October 3, 2009	\$ 98.1

- (a) U.S. GAAP requires the defined benefit plan liabilities to be re-measured to their funded status at the date of acquisition using the actual fair value of plan assets. The adjustment to reduce the pension liability by \$74.7 million pertains to the increase in the fair value of the plan assets during the period from December 31, 2008 to October 3, 2009 based on the excess of the actual return on plan assets over the expected return on plan assets element of the pension expense recognized for the nine month period for these defined benefit plans.
- (b) U.S. GAAP requires defined benefit plan liabilities to be re-measured at the date of acquisition using current discount rates. Accordingly the respective discount rates used by Black & Decker as of

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December 31, 2008 were adjusted to October 3, 2009 to reflect the relative changes in yields on typical common pension indices (such as high quality corporate bonds, with similar durations to the liabilities). These comparative indices decreased by 75 and 50 basis points in the U.S. and Non-U.S. geographic areas, respectively, and the pro forma liabilities were increased to reflect these lower discount rates (6.0% for the U.S. pension plans; 5.5% for the U.S. post-retirement medical plan; and 5.75% for non-U.S. plans).

Item (S): The adjustment to Common Stock reflects adjustments for the merger consideration, at par, and to eliminate Black & Decker's historical common stock, at par, as follows:

	(in millions)
Issuance of Stanley common stock based on exchange ratio of 1.275 shares for each share of Black & Decker common stock	\$ 196.5
Eliminate Black & Decker's historical common stock	(30.1)
	\$ 166.4

Item (T): The adjustment to Additional paid-in capital reflects adjustments for the following:

	(in millions)
To record merger consideration at fair value	\$ 4,564.1
Par value of merger consideration recorded within common stock(c)	(196.5)
Eliminate Black & Decker's historical additional paid-in capital	(36.9)
	\$ 4,330.7

(c) See Item S above.

Item (U): Reflects adjustments to Retained earnings for the following:

	(in millions)
Eliminate Black & Decker's historical retained earnings	\$ (1,595.5)
To record estimated non-recurring cost for acquisition related transaction costs	(70.0)
	\$ (1,665.5)

Item (V): To eliminate Black & Decker's historical Other shareowners' equity comprised of accumulated other comprehensive loss.

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Stanley's common stock is listed and traded on the NYSE under the symbol SWK. Black & Decker's common stock is listed and traded on the NYSE under the symbol BDK. The following table sets forth, for the fiscal quarters indicated, the high and low closing sales prices per share of Stanley common stock and the high and low closing sales prices per share of Black & Decker common stock, in each case as reported on the NYSE. In addition, the table also sets forth the quarterly cash dividends per share declared by Stanley and Black & Decker with respect to their common stock. On the Stanley record date (, 2010), there were shares of Stanley common stock outstanding. On the Black & Decker record date (, 2010), there were shares of Black & Decker common stock outstanding.

	Stanley			Black & Decker		
	High	Low	Dividends Declared	High	Low	Dividends Declared
2007						
First Quarter	\$ 58.99	\$ 49.95	\$ 0.30	\$ 90.91	\$ 78.81	\$ 0.42
Second Quarter	\$ 63.68	\$ 54.63	\$ 0.30	\$ 96.07	\$ 81.40	\$ 0.42
Third Quarter	\$ 64.25	\$ 52.41	\$ 0.31	\$ 97.01	\$ 79.30	\$ 0.42
Fourth Quarter	\$ 58.99	\$ 47.01	\$ 0.31	\$ 92.30	\$ 69.15	\$ 0.42
2008						
First Quarter	\$ 52.18	\$ 43.69	\$ 0.31	\$ 74.24	\$ 61.71	\$ 0.42
Second Quarter	\$ 51.08	\$ 44.50	\$ 0.31	\$ 71.23	\$ 57.50	\$ 0.42
Third Quarter	\$ 49.58	\$ 40.56	\$ 0.32	\$ 69.50	\$ 51.56	\$ 0.42
Fourth Quarter	\$ 43.93	\$ 24.19	\$ 0.32	\$ 62.09	\$ 32.31	\$ 0.42
2009						
First Quarter	\$ 36.68	\$ 22.61	\$ 0.32	\$ 46.66	\$ 20.10	\$ 0.42
Second Quarter	\$ 40.05	\$ 28.32	\$ 0.32	\$ 41.28	\$ 27.10	\$ 0.12
Third Quarter	\$ 43.35	\$ 31.20	\$ 0.33	\$ 51.12	\$ 26.44	\$ 0.12
Fourth Quarter	\$ 53.13	\$ 42.09	\$ 0.33	\$ 66.71	\$ 42.98	\$ 0.12

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The following tables set forth certain historical, pro forma and pro forma equivalent per share financial information for Stanley's common stock and Black & Decker's common stock. The pro forma and pro forma equivalent per share information gives effect to the merger as if the merger had occurred on October 3, 2009, in the case of book value per share data, and December 30, 2007 in the case of net income per share data.

The pro forma per share balance sheet information combines Stanley's October 3, 2009 unaudited consolidated balance sheet with Black & Decker's September 27, 2009 unaudited consolidated balance sheet. The pro forma per share income statement information for the fiscal year ended January 3, 2009 combines Stanley's audited consolidated statement of income for the fiscal year ended January 3, 2009 with Black & Decker's audited consolidated statement of income for the fiscal year ended December 31, 2008. The pro forma per share income statement information for the nine months ended October 3, 2009 combines Stanley's unaudited consolidated statement of income for the nine months ended October 3, 2009 with Black & Decker's unaudited consolidated statement of income for the nine months ended September 27, 2009. The Black & Decker pro forma equivalent per share financial information is calculated by multiplying the unaudited Stanley pro forma combined per share amounts by the exchange ratio of 1.275 shares of Stanley common stock for each share of Black & Decker common stock.

The following information should be read in conjunction with the audited consolidated financial statements of Stanley and Black & Decker, which are incorporated by reference in this joint proxy statement/prospectus, and the financial information contained in the section entitled "Stanley and Black & Decker Unaudited Pro Forma Condensed Combined Financial Information" beginning on page 102. The unaudited pro forma information below is presented for informational purposes only and is not necessarily indicative of the operating results or financial position that would have occurred if the merger had been completed as of the periods presented, nor is it necessarily indicative of the future operating results or financial position of the combined company. In addition, the unaudited pro forma information does not purport to indicate balance sheet data or results of operations data as of any future date or for any future period.

	As of and for the Nine Months Ended October 3, 2009	As of and for the Year Ended January 3, 2009
Stanley Historical Data Per Common Share		
Income from continuing operations		
Basic	\$ 2.15	\$ 2.77
Diluted	\$ 2.14	\$ 2.74
Dividends declared per common share	\$ 0.97	\$ 1.26
Book value per share	\$ 23.86	\$ 21.63

	As of and for the Nine Months Ended September 27, 2009	As of and for the Year Ended December 31, 2008
Black & Decker Historical Data Per Common Share		
Income from continuing operations		

Basic	\$ 1.63	\$ 4.83
Diluted	\$ 1.62	\$ 4.77
Dividends declared per common share	\$ 0.66	\$ 1.68
Book value per share	\$ 20.71	\$ 18.72

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	As of and for the Nine Months Ended October 3, 2009	As of and for the Year Ended January 3, 2009
Stanley Pro Forma Combined Data Per Common Share		
Income from continuing operations		
Basic	\$ 1.38	\$ 2.93
Diluted	\$ 1.37	\$ 2.90
Dividends declared per common share	\$ 0.97	\$ 1.26
Book value per share(1)	\$ 40.51	N/A

	As of and for the Nine Months Ended September 27, 2009	As of and for the Year Ended December 31, 2008
Black & Decker Pro Forma Equivalent Per Common Share		
Per common share data:		
Income from continuing operations		
Basic	\$ 1.76	\$ 3.74
Diluted	\$ 1.75	\$ 3.70
Dividends declared per common share	\$ 1.24	\$ 1.61
Book value per share(1)	\$ 51.65	N/A

(1) Pro forma book value per share as of January 3, 2009 or December 31, 2008 is not meaningful as purchase accounting adjustments were calculated as of October 3, 2009.

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AMENDMENT TO THE STANLEY 2009 LONG-TERM INCENTIVE PLAN

Stanley is seeking shareholder approval of an amendment to The Stanley Works 2009 Long-Term Incentive Plan. As explained in more detail below, generally the only amendments proposed to be made are to increase the number of shares available for issuance under the plan and, subject to such limitation, to increase the maximum fair market value of payments allowable during any three-year period to any executive officer in connection with long-term performance awards and provide for a fungible equity grant pool (as described below). The current Stanley 2009 Long-Term Incentive Plan is referred to in this section as the **Current 2009 LTIP** and the amended version of the plan is referred to as the **Amended 2009 LTIP**.

The Current 2009 LTIP contains a limit on the number of shares available for issuance under the plan. An increase in the number of shares available for issuance under the plan is necessary due to the merger, the completion of which will dramatically increase the size of Stanley's work force and those key employees and other individuals who will be eligible to receive equity awards under the plan. If the Current 2009 LTIP is not amended to increase the number of shares available for issuance, after the merger, Stanley will not have sufficient share capacity to make appropriate grants to key employees and other individuals. The change to a fungible equity grant pool will provide Stanley more flexibility in allocating equity awards among stock options, stock appreciation rights, restricted stock, restricted stock units and other stock-based awards.

As of January 4, 2010, there were options to purchase 4,709,594 shares of Black & Decker common stock outstanding, with a weighted average exercise price of \$62.93 and a weighted average term of 5.83 years. Upon completion of the merger, assuming the number of outstanding Black & Decker options and weighted average exercise price set forth in the previous sentence remain unchanged, such outstanding Black & Decker options will be converted into options to purchase 6,004,732 shares of Stanley common stock, with an expected weighted average exercise price of \$49.36. In addition, as of January 4, 2010, there were 192,000 restricted shares of Black & Decker common stock and 147,700 restricted stock units with respect to Black & Decker common stock outstanding, which, upon completion of the merger, will be converted into 244,800 restricted shares of Stanley common stock and 188,317 restricted stock units with respect to Stanley common stock, respectively. Following completion of the merger, the combined company will not make any grants of equity awards under any Black & Decker equity compensation plan. If the merger is not completed, the Amended 2009 LTIP will not go into effect, and the Current 2009 LTIP will remain in place. Shareholder approval of the Amended 2009 LTIP is not a condition to completion of the merger.

General

The Current LTIP became effective on January 4, 2009. The Stanley board of directors adopted the Amended 2009 LTIP on _____, 2010, to be effective as of the completion of the merger, and is recommending that the shareholders of Stanley approve the Amended 2009 LTIP at the Stanley special meeting. The Amended 2009 LTIP makes the following material changes to the 2009 LTIP:

the number of shares available for issuance for awards is increased from 5.1 million to 13.2, million;

the specific limitation on the number of shares that may be granted pursuant to awards other than stock options and stock-settled SARs (as defined below) is replaced with an alternate method of calculating the number of shares remaining available for issuance under the Amended 2009 LTIP, referred to as a **fungible equity grant pool**; and

in connection with the establishment of a fungible equity grant pool, a ratio is assigned for counting usage of shares upon issuance of stock options and stock-settled SAR awards of one to one, whereby any grant of a stock option or stock-settled SAR shall be counted against the maximum share limitation under the Amended 2009 LTIP as one share of common stock, and a ratio is assigned for counting usage of shares upon issuance of awards other than stock options and stock-settled SARs of 2.25 to one, whereby any grant of any such award denominated in shares shall be counted against the maximum share limitation under the Amended 2009 LTIP as 2.25 shares of common stock; and

the maximum fair market value of payments to any executive officer made in connection with any long-term performance awards (except for payments made in connection with stock options or SARs) granted

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during any three-year period, is increased from two percent of shareholders' equity as of the end of the year immediately preceding the commencement of such three-year period to four percent.

The Amended 2009 LTIP will amend and replace the Current 2009 LTIP. Any awards granted under the Current 2009 LTIP will remain in effect pursuant to their current terms.

The Amended 2009 LTIP is designed to comply with the requirements of applicable federal and state securities laws and the Code, including, but not limited to, the performance-based exclusion from the deduction limitations under Section 162(m) of the Code. The summary that follows is qualified in its entirety by reference to the full text of the Amended 2009 LTIP, a copy of which is included in this joint proxy statement/prospectus as Annex F.

The Amended 2009 LTIP permits the granting of (i) stock options, including incentive stock options (ISOs) entitling the optionee to favorable tax treatment under Section 422 of the Code, (ii) stock appreciation rights (SARs), (iii) restricted stock and restricted stock units (RSUs), (iv) performance awards, (v) dividend equivalents, and (vi) other awards valued in whole or in part by reference to or otherwise based on Stanley common stock. Under the Amended 2009 LTIP, awards may be granted until the 10th anniversary of completion of the merger. Each of the awards will be evidenced by an award document setting forth the terms and conditions applicable thereto.

The Stanley board of directors has authorized the issuance of thirteen million two hundred thousand shares of Stanley common stock in connection with awards pursuant to the Amended 2009 LTIP. No more than one million of those shares are available for the exercise of ISOs. The number of shares with respect to options and SARs that may be granted under the Amended 2009 LTIP to any individual participant in any three-year period during the term of the Amended 2009 LTIP may not exceed four million shares. The maximum fair market value of payments to any executive officer made in connection with any long-term performance awards, other than SARs and stock options, shall not exceed, during any three-year period, four percent of Stanley's shareholders' equity as of the end of the year immediately preceding the commencement of such three-year period. Under the Amended 2009 LTIP, (x) each share with respect to which an option or stock-settled SAR is granted will reduce the aggregate number of shares that may be delivered under the Amended 2009 LTIP by one share and (y) each share with respect to which any other award denominated in shares may be granted will reduce the aggregate number of shares that may be delivered under the Amended 2009 LTIP by 2.25 shares.

All shares available for granting awards in any year that are not used will be available for use in subsequent years. If any shares subject to any award under the Amended 2009 LTIP or under the Current 2009 LTIP, Stanley's 2001 Long-Term Incentive Plan or Stanley's 1997 Long-Term Incentive Plan are forfeited or cancelled, or if any such award terminates without the delivery of shares or other consideration, the same number of shares previously used or reserved for such awards will be available for future awards under the Amended 2009 LTIP. If another company is acquired by Stanley or a Stanley affiliate, any awards made and any Stanley shares delivered upon assumption of or in substitution for outstanding grants made by the acquired company may be deemed to have been granted under the Amended 2009 LTIP, except for grants to persons who become executive officers of Stanley, and would not decrease the number of shares available for grants under the Amended 2009 LTIP. Stanley's ability to grant new awards under Stanley's 2001 Long-Term Incentive Plan was terminated on January 4, 2009 pursuant to the terms of the Current 2009 LTIP, and its ability to grant new awards under Stanley's 1997 Long-Term Incentive Plan expired on September 16, 2007.

Purpose

The purpose of the Amended 2009 LTIP is to provide incentive and other awards that are designed to provide appropriate incentives and rewards to key employees and certain other individuals who are contributing to Stanley's future success and prosperity, thus enhancing the value of Stanley for its shareholders and enabling Stanley to attract

and retain exceptionally qualified individuals upon whom, in large measure, the continued progress, growth and profitability of Stanley depend.

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Plan Administration

The Amended 2009 LTIP is administered by the Compensation and Organization Committee of the Stanley board of directors, or the Compensation Committee, which is constituted in compliance with applicable rules and regulations issued under the federal securities laws and the Code. The Compensation Committee may select eligible employees to whom awards are granted, determine the types of awards to be granted and the number of shares covered by awards and set the terms and conditions of awards. The Compensation Committee's determinations and interpretations under the Amended 2009 LTIP will be binding on all interested parties. The Compensation Committee may delegate to officers or managers of Stanley certain authority with respect to the granting, cancellation and modification of awards other than awards to executive officers of Stanley.

Amendment; Termination

The Stanley board of directors may amend, suspend or terminate the Amended 2009 LTIP, including amendments that might increase the cost of the Amended 2009 LTIP to Stanley, provided that shareholder approval must generally be obtained for any amendment that would increase the number of shares available for awards or permit the granting of options, SARs or other stock-based awards including rights to purchase shares at prices below fair market value at the date of the grant of the award, other than as described below.

Eligibility

Awards may be made by the Compensation Committee to any salaried employee of Stanley or of any affiliate or any non-employee director of an affiliate; provided that ISOs may only be granted to employees of Stanley. Currently, there are approximately 250 individuals who Stanley believes are eligible to receive awards under the Current 2009 LTIP subject to any necessary approvals by the Compensation Committee. Following completion of the merger, Stanley estimates there would be approximately 550 individuals who would be eligible to receive awards under the Amended 2009 LTIP subject to any necessary approvals by the Compensation Committee.

Terms and Conditions of Options

An award of stock options under the Amended 2009 LTIP entitles a participant to purchase a specified number of shares during a specified term (not longer than ten years from the date of grant) at a fixed price, affording the participant an opportunity to benefit from appreciation in the market price of Stanley common stock from the date of grant. Stock options will vest and become exercisable over the exercise period established by the Compensation Committee in the award document. The Compensation Committee may accelerate the exercisability of outstanding stock options at such times and under such circumstances as it deems appropriate. Stock options are exercisable during a grantee's lifetime only by the grantee. In addition, ISOs awarded under the Amended 2009 LTIP must comply with the requirements of Section 422 of the Code.

The stock option exercise price will be as determined by the Compensation Committee, provided that the exercise price may not be less than the fair market value of the Stanley common stock on the date of grant. The exercise price may be fully paid in cash, by delivery of Stanley common stock previously owned by the grantee equal in value to the exercise price, or by having shares of Stanley common stock with a value (on the date of exercise) equal to the exercise price, withheld by Stanley (or in any combination of the foregoing). A grantee of a stock option (and any tandem SAR) will not have the rights of a shareholder until certificates for the shares underlying the stock options are recorded in the grantee's name.

Stock Appreciation Rights

Unless the Compensation Committee determines otherwise, a participant granted a SAR is entitled to receive the excess of the fair market value (calculated as of the exercise date or, if the Compensation Committee so determines in the case of a SAR granted in tandem with another award, as of the grant date of the other award), of a share of Stanley common stock over the grant price of the SAR. Subject to the provisions of the Amended 2009 LTIP, the Compensation Committee has the right to determine the grant

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price, term, methods of exercise, methods of settlement, and any other terms and conditions of SARs, except that no SARs may be exercisable more than ten years from the date of grant.

Restricted Stock, RSUs and Performance Awards

An award of restricted stock is an award of Stanley common stock that may not be sold, assigned, transferred, pledged, hypothecated or otherwise disposed of for a restricted period of time determined by the Compensation Committee. The Compensation Committee may also impose such other restrictions and conditions on the award as it deems appropriate, including on the right to vote shares of restricted stock and to receive dividends. The Compensation Committee may provide that the restrictions will lapse separately or in combination, in installments or otherwise, as it deems appropriate. An award of RSUs creates a right in the grantee to receive Stanley common stock at the end of a specified period. Performance awards may provide that upon vesting the grantee will receive cash, stock, other securities, other awards, other property, or any combination thereof, as the Compensation Committee shall determine, and shall be payable (or exercisable) based upon the achievement of such performance goals during such performance periods as the Compensation Committee shall establish. Shares granted as performance awards are shares of Stanley common stock that are subject to restrictions based upon the attainment of performance objectives established by the Compensation Committee. Such performance objectives may be based on various financial measures of Stanley's performance, upon cost targets, reductions or savings, upon strategic business criteria, or upon a grantee's attainment of specific objectives set by Stanley for that grantee's performance. Restricted stock, RSUs and shares granted as performance awards are all subject to a risk of forfeiture upon certain kinds of employment terminations, as determined by the Compensation Committee.

Upon the award of restricted stock or shares granted as performance awards, the grantee will have the rights of a stockholder with respect to the shares, including voting and dividend rights, subject to the conditions and restrictions generally applicable to restricted stock or specifically set forth in the grantee's award document. An award of RSUs does not confer shareholder rights on the grantee, other than dividend rights, during the specified restricted period.

Dividend Equivalents

Dividend equivalents represent rights to receive payments equivalent to dividends or interest with respect to a specified number of shares. Dividend equivalents credited in respect of restricted stock, RSUs, or a performance award will vest (or be forfeited) and will settle at the same time as the underlying award to which they relate. Under the Amended 2009 LTIP, dividend equivalents are prohibited for awards in connection with stock options or SARs.

Other Stock-Based Awards

Other stock-based awards are other awards denominated or payable in, valued by reference to, or otherwise based on or related to shares of Stanley common stock.

Change in Control

Generally, any outstanding stock options and SARs will become immediately exercisable and all restrictions applicable to restricted stock and restricted stock units (whether or not granted as performance awards) will lapse automatically upon a change in control of Stanley (as defined in the Amended 2009 LTIP).

Restrictions on Transfer

Awards are generally not transferable other than by will or by the laws of descent and distribution or pursuant to a domestic relations order. The Compensation Committee may, however, grant non-qualified stock options that are

transferable to the grantee's immediate family members or to trusts or partnerships for such family members.

Adjustment

The Compensation Committee may adjust the number and type of shares that may be made the subject of new awards or are then subject to outstanding awards and other award terms, and may provide for a cash

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payment to a participant relating to an outstanding award, or may adjust the number and type of shares which may be subject to ISOs and which are subject to the three year, per-participant limitations on options and SARs, in the event of a stock split, stock dividend, or other extraordinary corporate event. The Compensation Committee is also authorized, for similar purposes, to make adjustments in performance award criteria or in the terms and conditions of other awards in recognition of unusual or nonrecurring events affecting Stanley or its financial statements or of changes in applicable laws, regulations or accounting principles. Other than in connection with the foregoing extraordinary corporate events, however, outstanding awards may not be amended to reduce the purchase price per share purchasable under a stock option or the grant price of SARs, or cancel outstanding stock options or SARs in exchange for cash, other awards or stock options or SARs with a purchase price per share or grant price, as applicable, that is less than the purchase price per share or grant price of the original stock options or SARs, as applicable, without shareholder approval.

Certain U.S. Federal Income Tax Considerations

THE FOLLOWING DISCUSSION OF CERTAIN RELEVANT U.S. FEDERAL INCOME TAX EFFECTS APPLICABLE TO AWARDS GRANTED UNDER THE AMENDED 2009 LTIP IS A SUMMARY ONLY, AND REFERENCE IS MADE TO THE CODE AND REGULATIONS PROMULGATED THEREUNDER FOR A COMPLETE STATEMENT OF ALL RELEVANT FEDERAL TAX PROVISIONS. HOLDERS OF AWARDS SHOULD CONSULT THEIR TAX ADVISORS BEFORE REALIZATION OF ANY SUCH AWARDS, AND HOLDERS OF STANLEY COMMON STOCK PURSUANT TO AWARDS SHOULD CONSULT THEIR TAX ADVISORS BEFORE DISPOSING OF ANY SUCH SHARES. SECTION 16 INDIVIDUALS SHOULD NOTE THAT SOMEWHAT DIFFERENT RULES THAN THOSE DESCRIBED BELOW MAY APPLY TO THEM. THIS SUMMARY IS NOT INTENDED TO BE EXHAUSTIVE AND DOES NOT DESCRIBE STATE, LOCAL OR FOREIGN TAX CONSEQUENCES. Under current federal income tax laws, awards under the Amended 2009 LTIP will generally have the following tax consequences:

The grant of a stock option or SAR under the Amended 2009 LTIP will create no tax consequences for the participant or Stanley. A participant will have no taxable income upon exercise of an ISO, except that the alternative minimum tax may apply. Upon exercise of an option other than an ISO, a participant generally must recognize ordinary income equal to the fair market value of the shares acquired minus the exercise price. Upon a disposition of shares acquired by exercise of an ISO before the end of the applicable ISO holding periods, the participant generally must recognize ordinary income equal to the lesser of (i) the fair market value of the shares at the date of exercise minus the exercise price or (ii) the amount realized upon the disposition of the ISO shares minus the exercise price. Otherwise, a participant's disposition of shares acquired upon the exercise of an option (including an ISO for which the ISO holding periods are met) generally will result in only capital gain or loss. Other awards under the Amended 2009 LTIP, including non-qualified options and SARs, generally will result in ordinary income to the participant at the later of the time of delivery of cash, shares, or other property, or the time that either the risk of forfeiture or restriction on transferability lapses on previously delivered cash, shares, or other property. Except as discussed below, Stanley generally will be entitled to a tax deduction equal to the amount recognized as ordinary income by the participant in connection with an option, SAR, or other award, but will be entitled to no tax deduction relating to amounts that represent a capital gain to a participant. Thus, Stanley will not be entitled to any tax deduction with respect to an ISO if the participant holds the shares for the ISO holding periods.

The foregoing general tax discussion is intended for the information of shareholders considering how to vote with respect to this proposal and not as tax guidance to participants in the Amended 2009 LTIP. Different tax rules may apply to specific participants and transactions under the Amended 2009 LTIP.

Securities Authorized for Issuance Under Equity Compensation Plans

2009 LTIP Benefits

Stanley's long-term incentive programs generally include time-vesting stock options and restricted stock units, most of which are granted in December of each year, and performance awards that are typically granted during the first quarter of each year with a three-year measurement period. Performance awards that have been approved for issuance under the Current 2009 LTIP relate to the 2009-2011 measurement period. The

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threshold, target and maximum number of shares that have been approved for issuance to each of the named executive officers, all current executive officers as a group, all current non-employee directors as a group and all employees (not including executive officers) as a group are as follows:

Performance Award Grants

Name and Principal Position	Threshold	Target	Maximum
John F. Lundgren, Chairman and CEO	26,067	52,135	104,270
Donald Allan, Jr., Vice President and CFO	3,475	6,951	13,903
Jeffery D. Ansell, Vice President & President, Stanley Consumer Tools Group	3,972	7,944	15,889
Hubert W. Davis, Jr., Senior Vice President, Business Transformation	3,624	7,249	14,498
James M. Loree, Executive Vice President and COO, Former Executive Vice President and CFO	10,096	20,192	40,384
All current executive officers as a group	66,821	133,648	266,998
All current non-employee directors as a group	0	0	0
All employees (not including executive officers) as a group	64,305	128,173	233,908

Other than the grants to Messrs. Archibald, Lundgren and Loree to be made upon completion of the merger, as discussed on pages 73-78, the number of stock options and time vesting RSUs that will be granted under the Amended 2009 LTIP during 2010 is not yet determinable. The awards issued under the Current 2009 LTIP to each named executive officer, all current executive officers as a group, all current directors (not including executive officers) as a group, and all current employees of Stanley (not including executive officers) as a group during 2009 are as follows:

Stock Option and RSU Grants

Name and Principal Position	Options	RSUs
John F. Lundgren, Chairman and CEO	75,000	90,037
Donald Allan, Jr., Vice President and CFO	15,000	15,000
Jeffery D. Ansell, Vice President & President, Stanley Consumer Tools Group	15,000	15,000
Hubert W. Davis, Jr., Senior Vice President, Business Transformation	15,000	15,000
James M. Loree, Executive Vice President and COO, Former Executive Vice President and CFO	50,000	41,666
All current executive officers as a group	255,000	270,036
All current non-employee directors as a group	0	0

All employees (not including executive officers) as a group	247,500	170,252
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Compensation plans under which Stanley's equity securities are authorized for issuance at January 2, 2010 follow:

Plan Category	(A) Number of Securities to be Issued upon Exercise of Outstanding Options and Stock Awards	(B) Weighted-Average Exercise Price of Outstanding Options	(C) Number of Securities Remaining Available for Future Issuance Under Equity Compensation Plans (Excluding Securities Reflected in Column (A))
Equity compensation plans approved by security holders	7,538,811(1)	\$ 39.75(2)	4,086,625
Equity compensation plans not approved by security holders(3)			
Total	7,538,811	\$ 39.75	4,086,625

- (1) Consists of 5,839,417 shares underlying outstanding stock options (whether vested or unvested) with a weighted average exercise price of \$39.75 and a weighted average term of 5.44 years, and 1,699,394 shares underlying time-vesting restricted stock units that have not yet vested and the maximum number of shares that will be issued pursuant to outstanding long term performance awards if all established goals are met. Performance awards that relate to the 2007-2009 measurement period are excluded because the performance goals for this period have not been achieved. All stock-based compensation plans, except the Current 2009 LTIP (which became effective after the 2008 fiscal year ended on January 3, 2009), are discussed in Note K, Capital Stock of the Notes to the Consolidated Financial Statements, in Item 8 of Stanley's Annual Report on Form 10-K for the fiscal year ended January 3, 2009.
- (2) There is no cost to the recipient for shares issued pursuant to time-vesting restricted stock units or long-term performance awards. Because there is no strike price applicable to these stock awards they are excluded from the weighted-average exercise price which pertains solely to outstanding stock options.
- (3) There is a non-qualified deferred tax savings plan for highly compensated salaried employees which mirrors the qualified plan provisions, but was not specifically approved by Stanley shareholders. U.S. employees are eligible to contribute from 1% to 15% of their salary to a tax deferred savings plan as described in the Employee Stock Ownership Plan (ESOP) section of Item 8 Note M Employee Benefit Plans to the Consolidated Financial Statements of Stanley's Annual Report on Form 10-K for the fiscal year ended January 3, 2009. Prior to 2009, Stanley contributed an amount equal to one half of the employee contribution up to the first 7% of salary. In 2009, Stanley contributed an amount equal to one-quarter of the employee contribution up to the first 7% of salary. The investment of the employee's contribution and Stanley's contribution is controlled by the employee participating in the plan and may include an election to invest in Stanley stock. The same matching arrangement was provided for highly compensated salaried employees in the non-qualified plan, except that the arrangement for these employees was outside of the ESOP, and was not funded in advance of distributions. Shares of Stanley's common stock may be issued at the time of a distribution from the plan. The number of securities remaining available for issuance under the plan at January 2, 2010 is not determinable, since the plan does not authorize a

maximum number of securities.

Recommendation of the Stanley Board of Directors

The Stanley board of directors recommends that Stanley shareholders vote FOR the proposal to amend the Stanley 2009 Long-Term Incentive Plan.

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**COMPARISON OF RIGHTS OF STANLEY SHAREHOLDERS
AND BLACK & DECKER STOCKHOLDERS**

If the merger is completed, stockholders of Black & Decker will become shareholders of Stanley. The rights of Stanley shareholders are currently governed by the Connecticut Business Corporation Act (the "CBCA") and the certificate of incorporation and bylaws of Stanley. The rights of Black & Decker stockholders are currently governed by the Maryland General Corporation Law (the "MGCL") and the charter and bylaws of Black & Decker.

This section of the joint proxy statement/prospectus describes the material differences between the rights of Stanley shareholders and Black & Decker stockholders. This section does not include a complete description of all differences among the rights of Stanley shareholders and Black & Decker stockholders, nor does it include a complete description of the specific rights of these persons.

The following summary is qualified in its entirety by reference to, and you are urged to read carefully, the relevant provisions of the CBCA and the MGCL, as well as the certificate of incorporation and bylaws of Stanley and the charter and bylaws of Black & Decker. Copies of the certificate of incorporation and bylaws of Stanley and the charter and bylaws of Black & Decker are filed as exhibits to the reports of Stanley and Black & Decker incorporated by reference in this joint proxy statement/prospectus. See "Where You Can Find More Information" beginning on page 152.

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Authorized Capital

The aggregate number of shares which Stanley has the authority to issue is (a) 200,000,000 shares of common stock, par value \$2.50 per share, and (b) 10,000,000 shares of preferred stock without par value. If the amendment to the Stanley certificate of incorporation discussed in this joint proxy statement/prospectus is effectuated, the number of shares of common stock that Stanley is authorized to issue will increase from 200,000,000 to 300,000,000.

The aggregate number of shares of capital stock which Black & Decker has the authority to issue is (i) 150,000,000 shares of Black & Decker common stock, par value \$.50 per share, and (ii) 5,000,000 shares of Black & Decker series preferred stock, without par value.

**Blank Check
Preferred Stock**

The rights, preferences and privileges of holders of common stock are subject to, and may be adversely affected by, the rights of the holders of shares of any series of preferred stock that Stanley may designate and issue. As of the date of this joint proxy statement/prospectus, Stanley does not have outstanding any shares of preferred stock.

The rights and preferences of holders of common stock are subject to, and may be adversely affected by, the rights of the holders of shares of any series of preferred stock that Black & Decker may classify and issue. As of the date of this joint proxy statement/prospectus, Black & Decker does not have outstanding any shares of preferred stock.

The Stanley board of directors is authorized to issue preferred stock in multiple series without the approval of shareholders. With respect to each series of preferred stock, the board of directors has the authority to fix the following terms:

the designation of the series;

the number of shares within the series;

The Black & Decker board of directors may authorize Black & Decker to issue preferred stock in multiple series without the approval of stockholders and to classify and reclassify any unissued shares of Black & Decker preferred stock. With respect to each series of preferred stock, the board of directors has authority to fix the following terms:

the designation of the series;

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whether dividends are cumulative and, if cumulative, the dates from which dividends are cumulative;

the rate of any dividends, any conditions upon which dividends are payable, and the dates of payment of dividends;

whether the shares are redeemable, the redemption price and the terms of redemption;

the amount payable to holders for each share if Stanley dissolves or liquidates;

whether the shares are convertible or exchangeable, the price or rate of conversion or exchange, and the applicable terms and conditions;

any restrictions on issuance of shares in the same series or any other series;

voting rights; and

any other rights, priorities, preferences, restrictions or limitations of such series.

Stanley's ability to issue preferred stock, or rights to purchase such shares, could discourage an unsolicited acquisition proposal for Stanley. For example, Stanley could impede a business combination by issuing a series of preferred stock containing class voting rights that would enable the holders of such preferred stock to block a business combination transaction. Alternatively, Stanley could facilitate a business combination transaction by issuing a series of preferred stock having sufficient voting rights to provide a required percentage vote of the shareholders. Additionally, under certain circumstances, Stanley's issuance of preferred stock could adversely affect the voting power of the

the number of shares within the series;

all other terms, rights, restrictions and qualifications of the shares, including any preferences, voting powers, dividend rights and redemption, sinking fund and conversion rights.

The board of directors may also, subject to the rights of other series of preferred stock, increase or decrease the number of shares of any series, alter the designation of any series, and classify and reclassify unissued shares of a particular series into one or more other series by fixing or altering in any one or more respects from time to time before issuance any terms, rights, restrictions and qualifications of the shares.

Black & Decker's power to issue preferred stock, or rights to purchase such shares, could discourage an unsolicited acquisition proposal for Black & Decker. For example, Black & Decker could impede a business combination by issuing a series of preferred stock containing class voting rights that would enable the holders of such preferred stock to block a business combination transaction. Alternatively, Black & Decker could facilitate a business combination transaction by issuing a series of preferred stock having sufficient voting rights to provide a required percentage vote of the stockholders. Additionally, under certain circumstances, Black & Decker's issuance of preferred stock could adversely affect the voting power of the holders of Black & Decker common stock. Although the Black & Decker board of directors is required to make any determination to issue any preferred stock based on its judgment as to the best interests of Black & Decker, the Black & Decker board of directors could act in a manner that would discourage an acquisition attempt or other transaction that

holders of Stanley common stock. Although the Stanley board of directors is required to make any determination to issue any preferred stock based on its judgment as to the best interests of shareholders, the Stanley board of directors could act in a manner that would discourage an acquisition attempt or other transaction that some, or

some, or a majority, of Black & Decker's stockholders might believe to be in their best interests or in which stockholders might receive a premium for their stock over prevailing market prices of such stock.

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a majority, of Stanley's shareholders might believe to be in their best interests or in which shareholders might receive a premium for their stock over prevailing market prices of such stock.

Voting Rights

Each shareholder of record of Stanley common stock is entitled to one vote for each share held on every matter properly submitted to the shareholders for their vote. Holders of Stanley common stock do not have cumulative voting rights.

Each outstanding share of Black & Decker common stock is entitled to one vote on each matter voted on at a stockholders meeting. Holders of Black & Decker common stock do not have cumulative voting rights.

Stockholder Quorum Requirements

The presence in person or by proxy of a majority of the votes entitled to be cast constitutes a quorum of the holders of Stanley common stock.

The presence in person or by proxy of stockholders entitled to cast a majority of all the votes entitled to be cast constitutes a quorum at a meeting of stockholders of Black & Decker.

Dividend Rights; Liquidation

After satisfaction of the dividend rights of holders of preferred stock (if any), holders of Stanley common stock are entitled ratably to any dividend declared by the Stanley board of directors out of funds legally available for this purpose.

After satisfaction of the dividend rights of holders of preferred stock (if any), holders of Black & Decker common stock are entitled ratably to any dividend authorized by the Black & Decker board of directors and declared by Black & Decker out of funds legally available for this purpose.

Upon Stanley's liquidation, dissolution or winding up, the holders of Stanley common stock are entitled to receive ratably Stanley's net assets available, if any, after the payment of all debts and other liabilities and subject to the prior rights of any outstanding preferred stock (if any).

Upon Black & Decker's liquidation, dissolution or winding up, the holders of Black & Decker common stock are entitled to receive ratably Black & Decker's net assets available, if any, after the payment of all debts and other liabilities and subject to the prior rights of any outstanding preferred stock (if any).

Under Connecticut law, no dividends, redemptions, stock repurchases or other distributions may be declared or paid if, after giving effect to the dividend, redemption, stock repurchase or other distribution, (1) the corporation would not be able to pay its debts as they become due in the usual course of business, or (2) the corporation's

Under Maryland law, no dividends, redemptions, stock repurchases or other distributions may be declared or paid if, after giving effect to the dividend, redemption, stock repurchase or other distribution, (1) the corporation would not be able to pay

total assets would be less than the sum of its total liabilities plus, unless the charter provides otherwise, the amount that would be needed, if the corporation were to be dissolved at the time of the distribution, to satisfy the preferential rights upon dissolution of stockholders whose preferential rights are superior to those

its debts as they become due in the usual course of business or (2) the corporation's total assets would be less than the sum of its total liabilities plus, unless the corporation's charter provides otherwise, the amount that would be needed, if the corporation were to be dissolved at the time of the distribution, to satisfy the preferential rights upon dissolution of stockholders whose

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receiving the distribution. The board of directors may base a determination regarding the legality of the declaration or payment of a distribution on financial statements prepared on the basis of accounting practices and principles that are reasonable in the circumstances or on a fair valuation or other method that is reasonable in the circumstances.

Number and Election of Directors; Vacancies; Removal

The Stanley certificate of incorporation provides that the board of directors will be classified with approximately one-third elected each year.

The number of directors will be fixed by the board of directors from time to time, but must consist of no less than nine and no more than eighteen directors.

The directors elected by the holders of common stock are divided into three classes, designated class I, class II and class III. Each class consists, as nearly as may be possible, of one-third of the total number of such directors. At each annual meeting of shareholders, successors to the class of directors whose term expires at that annual meeting will be elected for a three-year term.

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preferential rights are superior to those receiving the distribution. The board of directors may base a determination regarding the legality of the declaration or payment of a distribution on financial statements prepared on the basis of accounting practices and principles that are reasonable in the circumstances or on a fair valuation or other method that is reasonable in the circumstances.

In addition, a Maryland corporation that would be prohibited from making a distribution because its assets would be less than the sum of its total liabilities and preferences of outstanding preferred stock may also make a distribution from the net earnings of the corporation for the fiscal year in which the distribution is made, the net earnings of the corporation for the preceding fiscal year, or the sum of the net earnings of the corporation for the preceding eight fiscal quarters.

The Black & Decker board of directors must consist of no less than eight nor more than fourteen directors. The number of directors shall be determined from time to time by the vote of three-fourths of the entire board of directors. Directors serve for one- year terms until the next annual stockholders meeting and until their successors are elected and qualify. A change in the number of directors does not affect the term of a director.

The MGCL provides that a Maryland corporation with a class of stock registered under the Exchange Act and at least three independent directors may elect, without stockholder approval, to be governed by a provision of the MGCL that allows the creation of a classified board of directors. Black & Decker has not elected to be

In addition, if the number of directors is changed, any increase or decrease will be apportioned among the classes so as to maintain the number of directors in each class as nearly equal as possible. Any additional director of any class elected by the shareholders to fill a vacancy resulting from an increase in such class will hold

governed by this provision.

The MGCL and the Black & Decker bylaws provide that the Board may fill any vacancy caused by the death or resignation of a director or a removal of a director by the stockholders by a vote of a majority of the remaining directors. A

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office for a term that will coincide with the remaining term of that class; but if a director is elected by the board to fill a vacancy, he would serve until the next annual meeting of shareholders. A decrease in the number of directors will not affect the term of any incumbent director.

Any vacancy on the board of directors may be filled by the shareholders or by the board of directors, whether such vacancy occurs as a result of an increase in the number of directors or otherwise. Any director elected by the board of director to fill a vacancy serves until the next annual meeting of shareholders. The certificate of incorporation also provides that directors elected by the holders of common stock may be removed only for cause by the affirmative vote of at least a majority of the votes entitled to be cast thereon.

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vacancy created by an increase in the number of directors may be filled by vote of a majority of the entire Board as constituted prior to the increase. The term of a director elected by the Board to fill a vacancy expires at the next annual stockholders meeting.

The MGCL and the Black & Decker bylaws provide that a majority of the voting power of the stockholders may vote to remove a director, with or without cause.

The MGCL provides that a Maryland corporation with a class of stock registered under the Exchange Act and at least three independent directors may elect, without stockholder approval, to be governed by a provision of the MGCL that requires the affirmative vote of stockholders entitled to cast at least two-thirds of the votes entitled to be cast generally in the election of directors to remove a director. Black & Decker has not elected to be governed by this provision.

The MGCL provides that the stockholders may fill a vacancy on the board of directors which results from the removal of a director. The MGCL provides that a director elected by the stockholders to fill a vacancy which results from the removal of a director serves for the balance of the term of the removed director.

The MGCL provides that a Maryland corporation with a class of stock registered under the Exchange Act and at least three independent directors may elect, without stockholder approval, to be governed by a provision of the MGCL that grants to the board of directors the exclusive power to fill vacancies on the board and provides that any director elected to fill a vacancy will serve

for the remainder of the full term of the class of directors in which the vacancy occurred. Black & Decker has not elected to be governed by this provision.

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Action by Written Consent

Under the CBCA, Stanley shareholders may take action by written unanimous consent of shareholders entitled to vote upon such action. Otherwise, shareholders will only be able to take action at an annual or special meeting called in accordance with the Stanley bylaws.

Under the MGCL, common stockholders of a Maryland corporation may take action by unanimous consent in lieu of a meeting, unless the charter of the corporation authorizes action by less than unanimous consent. The Black & Decker charter does not authorize stockholder action by less than unanimous consent.

Advance Notice Requirements for Director Nominations and Other Proposals

Director Nominations. The Stanley bylaws contain advance notice procedures with regard to shareholder proposals related to the nomination of candidates for election as directors. These procedures provide that notice of shareholder proposals related to shareholder nominations for the election of directors must be received at Stanley's executive offices at least 90 days, but no more than 120 days, before the first anniversary of the date on which the proxy statement for the preceding annual meeting was mailed; provided, however, that in the event the annual meeting is not within 30 days before or after the anniversary date of the preceding year's meeting, notice by the shareholder must be received not later than the close of business 10 days after the day on which notice of the date of the annual meeting is mailed or public disclosure of the date of the annual meeting is made, whichever occurs first. Stanley's bylaws require that all directors be shareholders of record. A shareholder's notice to Stanley's corporate secretary must be in proper written form and must set forth certain information including:

the name and record address of the nominating shareholder, and any other person on whose behalf the nomination is being made, and the nominee;

the class or series and number of shares of Stanley capital stock which are beneficially

Director Nominations. The Black & Decker bylaws contain advance notice procedures with regard to the nomination of candidates for election as directors. These procedures require that written notice of stockholder nominations for the election of directors must be received by the Secretary of the Corporation at Black & Decker's executive offices not less than 120 days nor more than 150 days before the first anniversary of the date on which the proxy statement for the preceding annual meeting was mailed; provided, however, that in the event the annual meeting is more than 30 days earlier or more than 60 days later than the anniversary date of the preceding year's meeting, notice by the stockholder must be received not more than 110 days prior to the annual meeting and not less than 90 days prior to the annual meeting or 10 days following the day on which the public announcement of the date of the annual meeting is first made. A stockholder's notice to Black & Decker's corporate secretary must set forth certain information, including:

as to each nominee, the nominee's name, age, business and residence address, principal occupation, class and amount of Black & Decker stock owned of record or beneficially by the nominee, and the information required by SEC rules to be included in a proxy statement regarding the nominee;

or of record owned by the nominating shareholder or such other person;

the nominee's consent to serve as a director;

a description of all arrangements or understandings between the nominating shareholder or such other person and

as to the stockholder, the stockholder's name and address and the class and amount of Black & Decker stock owned

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any nominee(s) in connection with the nomination;

any other information relating to the nominee that would be required to be disclosed in a proxy statement or other solicitation of proxies for election of directors or as otherwise required to be disclosed pursuant to the Exchange Act had the nominee been nominated by the Stanley board of directors;

a consent of the nominee to be named in the proxy statement and to serve if elected; and

a representation that the nominating shareholder intends to appear in person or by proxy at the meeting to make such nomination.

Other Proposals. In addition to the procedures for nominating directors, the Stanley bylaws also contain notice procedures for other shareholder proposals to be brought before an annual meeting. To be timely, Stanley must receive shareholder proposals at least 90 days, but no more than 120 days before the first anniversary of the date on which the proxy statement for the preceding annual meeting was mailed; provided, however, that in the event the annual meeting is not within 30 days before or after the anniversary date of the preceding year's meeting, notice by the shareholder must be received not later than the close of business 10 days after the day on which notice of the date of the annual meeting is mailed or public disclosure of the date of the annual meeting is made, whichever occurs first. A shareholder's notice to the Stanley corporate secretary must be in proper written form and must set forth, as to each matter that shareholder proposes to bring before the

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by the stockholder of record or beneficially;

a description of any agreement, arrangement, or undertaking that has been entered into, as of the date of the stockholder's notice, by or on behalf of the stockholder or any affiliate or associate of the stockholder the effect or intent of which is to mitigate loss to, manage risk or benefit of share price changes for, or increase or decrease the voting power of the stockholder or its affiliate or associate with respect to stock of Black & Decker, including but not limited to any derivative or short positions, profit interest, options, hedging transactions and borrowed or loaned shares; and

a representation that the stockholder will update or supplement this information as of the record date for the meeting not later than 10 days after the record date.

Black & Decker may require any proposed nominee to furnish such other information as may be reasonably required to determine the eligibility of the proposed nominee to serve as a director.

Other Proposals. In addition to the procedures for nominating directors, the Black & Decker bylaws also contain advance notice procedures for other stockholder proposals to be brought before an annual meeting. These procedures require that written notice of business to be brought before the annual meeting must be received by the Secretary of the Corporation at Black & Decker's executive offices not less than 120 days nor more than 150 days before the first anniversary of the date on which the proxy statement for the preceding annual meeting was mailed; provided, however, that in the event the annual meeting is more than

meeting:	30 days earlier or more than 60 days later than the anniversary date of the preceding year's meeting, notice by the stockholder must be received not more than 110 days prior
a brief description of the business desired to be brought before the meeting and the reasons for conducting that business at the meeting;	
the complete text of any resolutions to be presented;	

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the name and record address of that shareholder and any other person on whose behalf the proposal is made;

the class and series and number of shares of each class and series of Stanley capital stock which are owned beneficially or of record by that shareholder;

a description of all arrangements or understandings between that shareholder and any other person in connection with the proposal of that business and any material interest of that shareholder or such other person in that business; and

a representation that the shareholder intends to appear in person or by proxy at the meeting to bring that business before the meeting.

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to the annual meeting and not less than 90 days prior to the annual meeting or 10 days following the day on which the public announcement of the date of the annual meeting is first made. A stockholder's notice to Black & Decker's corporate secretary must set forth certain information, including:

a brief description of the business desired to be brought before the annual meeting and the reasons for conducting the business at the annual meeting;

as to the stockholder, the stockholder's name and address and the class and amount of Black & Decker stock owned by the stockholder of record or beneficially;

any material interest of the stockholder in the business to be brought before the meeting;

a description of any agreement, arrangement or understanding with respect to such business among the stockholder or any affiliate or associate of the stockholder and any others acting in concert with the foregoing;

a description of any agreement, arrangement, or understanding that has been entered into, as of the date of the stockholder's notice, by or on behalf of the stockholder or any affiliate or associate of the stockholder the effect or intent of which is to mitigate loss to, manage risk or benefit of share price changes for, or increase or decrease the voting power of the stockholder or its affiliate or associate with respect to stock of Black & Decker, including but not limited to any derivative or short positions, profit interest, options, hedging transactions and borrowed or loaned shares; and

a representation that the stockholder will update or supplement this information as of the record date for the meeting not later than 10 days after the record date.

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Access to Corporate Records

Under the CBCA, a shareholder (or shareholder's agent or attorney) is entitled to inspect and copy, after giving advance written notice, during regular business hours at the corporation's principal office, any of the following records: (1) the certificate of incorporation (including amendments thereto); (2) bylaws (including amendments thereto); (3) board of directors' resolutions pertaining to blank-check preferred stock, shares issued pursuant to those resolutions are outstanding; (4) the minutes of all shareholders' meetings and records of all actions taken by shareholders without a meeting for the past three years; (5) all written communications to shareholders generally within the past three years, including the financial statements furnished for the past three years; (6) a list of the names and business addresses of its current directors and officers; and (7) its most recent annual report. Shareholders have certain additional inspection rights under certain circumstances.

Under Maryland law, any stockholder or his or her agent may inspect and copy the following corporate documents: (1) bylaws; (2) minutes of the proceedings of stockholders; (3) the corporation's annual statement of affairs; (4) any voting trust agreements deposited with the corporation; and (5) a statement showing all stock and securities issued by the corporation during a specified period of not more than 12 months before the date of the request. In addition, one or more persons who together are and for at least six months have been stockholders of record of at least 5 percent of the outstanding stock of any class of a Maryland corporation may inspect and copy the corporation's books of account and stock ledger and may present a written request for a statement of the corporation's affairs.

Amendments to the Certificate of Incorporation

Stanley's certificate of incorporation may be amended with the approval of Stanley shareholders or, in certain limited ways set forth in the CBCA, by the sole action of the Stanley board of directors. Any amendment to the certificate of incorporation requiring shareholder approval must be first adopted by the Stanley board of directors prior to submission to the shareholders, and the board of directors must recommend that the shareholders approve the amendment, unless the board of directors makes a determination that because of conflicts of interest or other special circumstances it should not make such a recommendation, in which case the board of directors must transmit to the stockholders the basis for such determination.

With the exception of a name change and certain other enumerated minor changes, which do not require stockholder approval, an amendment to the charter of Black & Decker under the MGCL must be declared advisable by the board of directors and approved by the affirmative vote of stockholders entitled to cast at least two-thirds of the votes entitled to be cast on the matter, unless the charter reduces the required vote to not less than a majority of the outstanding voting power. The charter of Black & Decker does not reduce the stockholder vote required for approval of charter amendments.

The CBCA provides as to most matters (including an amendment to the certificate of incorporation) that, if a quorum exists, action on the matter is approved if the votes cast favoring the action exceed the votes cast opposing the action.

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Amendments to Bylaws

The Stanley bylaws provide that the board of directors may amend the bylaws, subject to the power of the shareholders under the CBCA to also amend the bylaws. No bylaw adopted by the shareholders shall impair the right of the Stanley board of directors to govern itself.

The Black & Decker bylaws provide that the stockholders may amend the bylaws by a majority of all of the votes cast, provided that the text of the amendment is submitted with the notice of the meeting. The bylaws further provide that the board may also amend the bylaws by vote of a majority of the directors present at the meeting, provided that the board shall not consider or act on any amendment that, directly or indirectly, modifies the meaning or effect of any bylaw amendment adopted by the stockholders within the preceding 12-month period or any amendment that, directly or indirectly, contains substantially similar provisions to those of an amendment rejected by the stockholders within the preceding 12- month period.

Ability to Call Special Meeting of Stockholders

The Stanley bylaws provide that special meetings of shareholders may only be called by:

- the chairman of the board of directors;
- the president;
- the secretary; or

the chairman of the board of directors, the president or the secretary upon the written request of the holders of not less than 35% of Stanley s outstanding voting stock.

In addition, the CBCA provides that a corporation with a class of voting stock registered under the Exchange Act shall hold a special meeting of shareholders if the holders of 35% of the votes entitled to be cast on any issue proposed to be considered demand such a meeting.

The Black & Decker bylaws provide that special meetings of stockholders may only be called by:

- the chief executive officer;
- a majority of the board of directors;
- a majority of the executive committee of the board of directors; or

the board of directors upon the written request of stockholders entitled to cast a majority of all of the votes entitled to be cast at the meeting.

Upon payment of the costs of preparing and mailing the notice by stockholders, the Board of Directors will determine the time (which shall not be less than 90 nor more than 110 days from the date the request was received) and the place of the meeting.

Black & Decker s bylaws provide that no business other than that stated in the notice

of a special meeting may be transacted at any special meeting.

Limitation of Personal Liability of Directors and Officers

The Stanley certificate of incorporation contains provisions permitted under the CBCA relating to the personal liability of directors. The provisions limit the

Black & Decker's charter includes a provision that limits the personal liability of a director or officer to Black & Decker and its stockholders for monetary

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personal liability of a director for monetary damages for breach of duty as a director to an amount that is not more than the compensation received by that director for serving during the year of the violation or, if the Connecticut corporate laws permit further exculpation, then the liability of a director shall be limited or eliminated to the fullest extent permitted by such laws.

The CBCA prohibits the limitation of liability when the breach involves a knowing and culpable violation of law by the director, enables the director or an associate to receive an improper personal economic gain, shows a lack of good faith and conscious disregard for the duty of the director to the corporation under circumstances in which the director was aware that his conduct or omission created an unjustifiable risk of serious injury to the corporation, and when such a breach constitutes a sustained and unexcused pattern of inattention that amounted to an abdication of the director's duty to the corporation and prohibits limiting the director's liability for an improper distribution in the circumstances provided for under the CBCA.

Indemnification of Directors and Officers

Stanley's bylaws provide for the indemnification and reimbursement of, and advances of expenses to, any person who is made a party to an action by reason of the fact that he or she:

is or was a Stanley director, officer, employee or agent; or

served at Stanley's request as a director, officer, employee or agent of another corporation.

The CBCA provides for permissible, mandatory, court-ordered and obligatory

damages to the full extent permitted by Maryland law and further provides that any amendment or repeal of this provision will not affect the limitation of liability accorded to any director or officer for acts or omissions occurring prior to such amendment or repeal.

Under Maryland law, directors and officers liability to the corporation or its stockholders for money damages may be expanded or limited, except that liability of a director or officer may not be limited: (1) to the extent that it is proved that the person actually received an improper benefit or profit in money, property, or services for the amount of the benefit or profit in money, property, or services actually received; or (2) to the extent that a judgment or other final adjudication adverse to the person is entered in a proceeding based on a finding in the proceeding that the person's action, or failure to act, was the result of active and deliberate dishonesty and was material to the cause of action adjudicated in the proceeding.

Black & Decker's bylaws obligate it to provide for mandatory indemnification of and advancement of expenses for the benefit of directors and officers to the full extent permitted by Maryland law and further provide that any amendment or repeal of these provisions will not affect the indemnification rights accorded to any director or officer for acts or omissions occurring prior to such amendment or repeal.

The board of directors of Black & Decker, in connection with approving the merger, amended the Black & Decker bylaws to

indemnification.

Permissible: A corporation may indemnify a director in a particular case if (1) (A) the director acted in good faith and (B) with a reasonable belief that his actions were (i) with respect to conduct in

clarify its authority to advance expenses for the benefit of officers and directors.

Under the MGCL, a corporation may not indemnify a director or officer if it is

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the director's official capacity, in the best interests of the corporation, and (ii) with respect to conduct not in the director's official capacity, not opposed to the best interests of the corporation, or (C) in the case of a criminal proceeding, the director had no reasonable cause to believe his conduct was unlawful, or (2) broader indemnification for such conduct had been made permissible or obligatory under the certificate of incorporation.

Mandatory: A corporation is required to indemnify a director for expenses incurred by that director if the director was wholly successful when defending an action to which such director was a party because he was a director.

Court-ordered: Upon application to the court, a director may be indemnified if the court determines that the director is entitled to be indemnified or that it is fair and reasonable to indemnify the director and/or advance expenses.

Obligatory: A corporation may, by a provision in its certificate of incorporation or bylaws or in a resolution adopted or a contract approved by its board of directors or shareholders, obligate itself to provide indemnification in advance of the act or omission giving rise to a proceeding.

Because Stanley was incorporated under Connecticut law prior to January 1, 1997 and its certificate of incorporation does not provide otherwise, Stanley is required to indemnify a director to the extent indemnification is permitted under the CBCA, subject to certain exceptions and procedural requirements of the CBCA.

established that: (i) the act or omission of the director was material to the matter giving rise to the proceeding; and (1) was committed in bad faith; or (2) was the result of active and deliberate dishonesty; or (ii) the director actually received an improper personal benefit in money, property, or services; or (iii) in the case of any criminal proceeding, the director had reasonable cause to believe that the act or omission was unlawful.

Under the MGCL, a corporation may not indemnify a director or officer who has been adjudged liable in a suit by or in the right of the corporation or, in general, brought by the director against the corporation or in which the director or officer was adjudged liable to the corporation or on the basis that a personal benefit was improperly received. A court may order indemnification if it determines that the director is fairly and reasonably entitled to indemnification, even though the director did not meet the prescribed standard of conduct, was adjudged liable to the corporation or was adjudged liable on the basis that personal benefit was improperly received; however, indemnification for an adverse judgment in a suit by or in the right of the corporation, or for a judgment of liability on the basis that personal benefit was improperly received, is limited to expenses.

**Preemptive Rights of
Stockholders**

Holders of Stanley common stock have no preemptive right to subscribe for or purchase additional shares of any class of Stanley capital stock.

The MGCL provides that stockholders of a corporation formed before October 1, 1995 have certain preemptive rights unless eliminated in the charter. The charter of Black & Decker eliminates all preemptive rights.

**Mergers,
Consolidations or**

Under the CBCA, a plan of merger or share exchange must be adopted by the

Under the MGCL, a board of directors must generally declare a merger,

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Certain Dispositions

board of directors. If approval of the shareholders of such a plan is required, the board of directors must transmit to the shareholders a recommendation that the shareholders approve the plan, unless the board of directors makes a determination that because of conflicts of interest or other special circumstances it should not make such a recommendation, in which case the board of directors must transmit to the stockholders the basis for such determination.

consolidation, statutory share exchange or transfer of all or substantially all of its assets advisable and the transaction must be approved by the affirmative vote of stockholders entitled to cast at least two-thirds of all the votes entitled to be cast on the matter, unless the charter provides for a greater or lesser vote (which must be at least a majority of the outstanding voting power). The charter of Black & Decker does not provide for a different vote.

If shareholder approval of such a plan is required, then, because Stanley is a corporation incorporated under the laws of the State of Connecticut prior to January 1, 1997, approval of such a plan requires the affirmative vote of at least two-thirds of the voting power of each class or series of shares that, under the certificate of incorporation or the CBCA, are entitled to vote and be counted together collectively on a matter at a meeting of shareholders and are entitled to vote thereon (except as otherwise expressly provided for in the certificate of incorporation) and, if shareholder approval of such a plan by shareholders holding shares of class(es) of stock outstanding prior to January 1, 1997 and not otherwise entitled to vote thereon is required, approval of such a plan also requires the affirmative vote of at least two-thirds of the voting power of each such class of stock (except as otherwise expressly provided for in the certificate of incorporation). Stanley's certificate of incorporation does not otherwise provide.

The MGCL further provides that an agreement of merger, consolidation, statutory share exchange or transfer of assets may require that a proposed transaction be submitted to the stockholders, even if the board of directors determines at any time after having declared the advisability of the proposed transaction that the proposed transaction is no longer advisable and either makes no recommendation to the stockholders or recommends that the stockholders reject the proposed transaction.

State Takeover Statutes

Moratorium. Stanley is subject to the provisions of Section 33-844 of the CBCA which prohibits a Connecticut corporation from engaging in a business combination with an interested shareholder for a period of

Maryland Business Combination Act. Under the Maryland Business Combination Act, an interested stockholder is defined to include any person (other than the corporation, its subsidiaries or its employee benefit plans)

five years after the date of the transaction in which the person became an interested shareholder, unless the business combination or the purchase of stock by which such person became an interested shareholder is approved by the Stanley

who, together with its affiliates and associates, is the beneficial owner of shares of stock representing 10% or more of the total voting power of a corporation. The term business combination is broadly defined to include many corporate actions

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board of directors (including a majority of the Stanley non-employee directors) prior to the date on which the person became an interested shareholder. A business combination generally includes mergers, asset sales, some types of stock issuances and other transactions with, or resulting in a disproportionate financial benefit to, the interested shareholder. Subject to exceptions, an interested shareholder is a person who owns 10% or more of Stanley's voting power, or is an affiliate or associate of Stanley and owned 10% or more of Stanley's voting power within the past five years.

Super-Majority Charter Provision.

Additionally, under Stanley's certificate of incorporation, the affirmative vote by the holders of 80% of Stanley's outstanding voting stock is required for the approval or authorization of any business combination involving an interested shareholder. This voting requirement does not apply if:

2/3 of Stanley's disinterested directors expressly approve the proposed business combination; or

The following conditions are satisfied:

The cash and fair market value of other consideration received on a per share basis by each shareholder is no less than the highest share price (or the equivalent value) paid by the interested shareholder in acquiring Stanley capital stock; and

A proxy statement is mailed to all shareholders of Stanley for the purpose of soliciting shareholder approval of the business combination.

that an interested stockholder might contemplate after acquiring a controlling interest in a corporation in order to increase his or her share ownership or reduce his or her acquisition debt. These second tier transactions include any merger or consolidation of the corporation involving an interested stockholder, any disposition of assets of the corporation to an interested stockholder, any issuance to an interested stockholder of securities of the corporation meeting certain threshold amounts and any reclassification of securities of the corporation having the effect of increasing the voting power or proportionate share ownership of an interested stockholder.

Under the Maryland Business Combination Act, a business combination with an interested stockholder is subject to a five-year moratorium and, following expiration of this moratorium, must be recommended by the board of directors and approved by the affirmative vote of the holders of 80% of the corporation's total voting power and two-thirds of the total voting power excluding the shares held by the interested stockholder (in addition to any other votes required under law or the corporation's charter), unless the transaction is approved by the board of directors prior to the time the interested stockholder first obtained such status or the business combination satisfies certain minimum price, form of consideration and procedural requirements.

Maryland Control Share Acquisition Act.

The Maryland Control Share Acquisition Act provides that, subject to certain exceptions, any outstanding shares of certain publicly traded Maryland corporations acquired by a person or group in an acquisition that causes such acquiror to have

This 80% vote is required even if no vote or a lesser percentage is required by any applicable laws. Additionally, the affirmative vote of the holders of not less than 80% of Stanley's outstanding shares of capital stock is required to modify this section of Stanley's certificate of incorporation.

the power to vote or direct the voting of shares in the election of directors in excess of 10%, 33-1/3% or 50% thresholds shall have only such voting power as shall be accorded by the affirmative vote of, among others, the

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Super-Majority Statutory Provisions. In addition to the 80% vote required by Stanley's certificate of incorporation, Stanley is also subject to Section 33-841 and Section 33-842 of the CBCA. These provisions generally require business combinations with an interested shareholder to be approved by the board of directors and then by the affirmative vote of at least:

the holders of 80% of the voting power of the outstanding shares of Stanley voting stock; and

the holders of 2/3 of the voting power of the outstanding shares of Stanley voting stock, excluding the voting stock held by the interested shareholder;

unless the consideration to be received by the shareholders meets certain price and other requirements set forth in Section 33-842 of the CBCA or unless the Stanley board of directors has by resolution determined to exempt business combinations with that interested shareholder prior to the time that such shareholder became an interested shareholder.

Stanley is also subject to Section 33-756(d) of the CBCA, generally requiring directors acting with respect to mergers, sales of assets and other specified transactions to consider, in determining what they reasonably believe to be in the best interests of the corporation and its shareholders, (1) both long-term and short-term interests of shareholders and (2) other specified interests, including those of the corporation's employees, customers, creditors and suppliers and any community in which any office or other facility of the corporation is located.

holders of a majority of the votes of each voting group entitled to vote separately on the proposal, excluding all interested shares (as defined therein), at a meeting that, subject to certain exceptions, is required to be called for that purpose upon the acquiror's request. Under the Maryland Control Share Acquisition Act, the corporation has a right to redeem outstanding control shares for which stockholders have disapproved voting rights.

The Maryland statute permits the charter or bylaws of a corporation to exclude from its application share acquisitions occurring after the adoption of the statute. The charter and bylaws of Black & Decker do not so provide.

The charter and bylaws of Black & Decker do not contain super-majority voting provisions comparable to those set forth in the certificate of incorporation of Stanley.

The MGCL allows a Maryland corporation to include in its charter a provision that allows the board of directors, in considering a potential acquisition of control of the corporation, to consider the effect of the potential acquisition of control on stockholders, employees, suppliers, customers and creditors of the corporation and on communities in which offices or other establishments of the corporation are located. The charter of Black & Decker does not contain such a provision.

**Director Duties
Affecting Control**

The CBCA does not contain any provisions similar to the provisions of the MGCL regarding director duties or scrutiny in transactions that may affect control.

The MGCL provides that directors of Maryland corporations are not subject to higher duties or greater scrutiny in transactions that may affect control of the corporation than is applied to any other act. Among other things, directors of a

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Maryland corporation are not required to: (i) accept, recommend or respond to a takeover proposal; (ii) take any action with respect to a stockholder rights plan; (iii) elect or refrain from electing with response to matters as to which publicly-traded corporations may make certain elections (such as regarding removal of directors, classification of director terms or filling board vacancies); (iv) make a determination with respect to the Maryland Business Combination Act or Maryland Control Share Acquisition Act; or (v) act or fail to act solely because of the effect the act or failure to act may have on an acquisition or potential acquisition of control of the corporation or because of the amount or type of consideration that may be offered or paid to stockholders in an acquisition. Moreover, any actions or failures to act of the board in response to an acquisition are not subject to a higher level of review in Maryland and are presumed to have been taken by the directors in accordance with the applicable standard of care.

A recent Maryland appellate case holds that directors have common law duties of candor and maximization of value when a Maryland corporation is a party to a transaction such as a cash-out merger that results in a change of control.

Shareholder Rights Agreement

On January 19, 2006, Stanley entered into a Rights Agreement (the Rights Agreement) and the Stanley board of directors declared a dividend distribution of one right for each share of Stanley common stock outstanding on the close of business on March 10, 2006 and authorized the issuance of one right (as such number may be adjusted from time to time in accordance with the terms of the Rights Agreement) per share of Stanley common stock issued between March 10,

Black & Decker does not have a stockholder rights plan.

2006 and the Distribution Date (as defined in the Rights Agreement). Each right may be exercised to purchase one two-hundredth of a share of Stanley Series A Junior Participating Preferred Stock at an exercise price of

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\$220.00, subject to adjustment. The rights, which do not have voting rights, expire on March 10, 2016, and may be redeemed by Stanley at a price of \$0.01 per right at any time prior to the earlier of the rights expiration date or the close of business on the tenth day following the public announcement that a person has acquired beneficial ownership of 15% or more of the outstanding shares of Stanley common stock.

In the event that Stanley is acquired in a merger or other business combination transaction, provision shall be made so that each holder of a right (other than a holder who is a 14.9%-or- more shareowner) shall have the right to receive, upon exercise thereof, that number of shares of common stock of the surviving company having a market value equal to two times the exercise price of the right. Similarly, if anyone becomes the beneficial owner of more than 15% of the then outstanding shares of Stanley common stock (except pursuant to an offer for all outstanding shares of common stock which the independent directors have deemed to be fair and in the best interest of Stanley), provision will be made so that each holder of a right (other than a holder who is a 14.9%- or-more shareowner) shall thereafter have the right to receive, upon exercise thereof, common stock (or, in certain circumstances, cash, property or other securities of the company) having a market value equal to two times the exercise price of the right.

Transactions Involving Directors

Under the CBCA, a director's conflicting interest transaction is essentially a transaction with the corporation or an entity controlled by the corporation to which a director or a related person of a director is a party or, in each case, has a known material

Under the MGCL, a contract or other transaction between a corporation and any of its directors or between a corporation and any other corporation, firm, or other entity in which any of its directors is a director or has a material financial interest is not void or

financial interest. A director's conflicting interest transaction may not be the subject of equitable relief, or give rise to an award of damages or other sanctions against a director, on the ground that the director had an interest in

voidable solely because of: (1) the common directorship or interest; (2) the presence of the director at the meeting of the board or a committee of the board which authorizes, approves, or ratifies the contract or transaction; or

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the transaction if, in essence, (a) the transaction is approved by the disinterested directors, (b) the transaction is approved by the shareholders, or (c) the transaction is fair to the corporation.

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(3) the counting of the vote of the director for the authorization, approval, or ratification of the contract or transaction under certain circumstances. This provision of the MGCL is applicable if: (1) the fact of the common directorship or interest is disclosed or known to: (i) the board of directors or the committee, and the board or committee authorizes, approves, or ratifies the contract or transaction by the affirmative vote of a majority of disinterested directors, even if the disinterested directors constitute less than a quorum; or (ii) the stockholders entitled to vote, and the contract or transaction is authorized, approved, or ratified by a majority of the votes cast by the stockholders entitled to vote other than the votes of shares owned of record or beneficially by the interested director or corporation, firm, or other entity; or (2) the contract or transaction is fair and reasonable to the corporation.

Appraisal Rights

Under the CBCA, a shareholder is entitled to appraisal rights and to obtain payment of the fair value of that shareholder's shares in the event of: (1) consummation of a merger to which the corporation is a party (a) if shareholder approval is required for the merger by section 33-817 and the shareholder is entitled to vote on the merger or (b) if the corporation is a subsidiary and the merger is governed by 33-818; (2) consummation of a share exchange to which the corporation is a party as the corporation whose shares will be acquired, if the shareholder is entitled to vote on the exchange; (3) consummation of a disposition of assets if the shareholder is entitled to vote on the disposition; (4) an amendment of the certificate of incorporation with respect to a class or series of shares that reduces the number of shares of a class or series owned by the shareholder to a fraction of a share if the corporation has the obligation or right to

Under the MGCL, a stockholder has the right to demand and receive payment of the fair value of the stockholder's stock from the successor if (1) the corporation consolidates or merges with another corporation; (2) the corporation's stock is to be acquired in a statutory share exchange; (3) the corporation transfers its assets in a manner requiring stockholder approval; (4) the corporation amends its charter in a way which alters the contract rights, as expressly set forth in the charter, of any outstanding stock and substantially adversely affect the stockholder's rights, unless the right to do so is reserved in the charter of the corporation; or (5) the transaction is subject to certain provisions of the Maryland Business Combination Act or Maryland Control Share Act.

repurchase the fractional share so created; or
(5) any other merger, share exchange,
disposition of assets, or amendment to
certificate of

Maryland law provides that a stockholder
may not demand the fair value of the
stockholder's stock and is bound by the terms
of the transaction if, among other things,
(1) the stock is listed on a national securities
exchange on the record date for determining
stockholders entitled to vote

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incorporation to the extent provided by the certificate of incorporation, the bylaws, or a resolution of the board of directors.

Under the CBCA, appraisal rights are unavailable, among other things, for holders of shares that are listed on the New York Stock Exchange. Stanley's common stock is listed on the NYSE and is expected to be listed on the NYSE on the record date for the special meeting of stockholders. Holders of Stanley common stock are not expected to be entitled to appraisal rights in connection with the merger with Black & Decker.

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on the matter or, in certain mergers, the date notice is given or waived (except certain mergers where stock held by directors and executive officers is exchanged for merger consideration not available generally to stockholders); (2) the stock is that of the successor in the merger, unless either (i) the merger alters the contract rights of the stock as expressly set forth in the charter and the charter does not reserve the right to do so or (ii) the stock is to be changed or converted in whole or in part in the merger into something other than either stock in the successor or cash, scrip or other rights or interests arising out of provisions for the treatment of fractional shares of stock in the successor; or (3) the charter provides that the holders of the stock are not entitled to exercise the rights of an objecting stockholder.

Black & Decker common stock is listed on the NYSE and is expected to be listed on the NYSE on the record date for the special meeting of stockholders. Accordingly, holders of Black & Decker common stock are not expected to be entitled to appraisal rights in connection with the merger with Stanley.

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NO APPRAISAL RIGHTS

Stanley

Under the CBCA, the holders of Stanley common stock are not entitled to appraisal rights in connection with the merger or any of the Stanley proposals.

Black & Decker

Under the MGCL, the holders of Black & Decker common stock are not entitled to appraisal rights in connection with the merger.

LEGAL MATTERS

The validity of the shares of Stanley common stock to be issued in the merger will be passed upon by Bruce H. Beatt, Vice President, General Counsel and Secretary of Stanley. The material U.S. federal income tax consequences relating to the merger will be passed upon for Stanley by Cravath, Swaine & Moore LLP and for Black & Decker by Hogan & Hartson LLP.

EXPERTS

The consolidated financial statements and schedule of The Stanley Works and subsidiaries as of January 3, 2009 and December 29, 2007 and for each of the three years in the period ended January 3, 2009 appearing in The Stanley Works Current Report on Form 8-K dated July 9, 2009 have been audited by Ernst & Young LLP, independent registered public accounting firm, as set forth in its report thereon appearing therein, and the effectiveness of The Stanley Works and subsidiaries internal control over financial reporting as of January 3, 2009 has been audited by Ernst & Young LLP, independent registered public accounting firm, as set forth in its report thereon appearing in The Stanley Works 2008 Annual Report on Form 10-K. Both reports are incorporated herein by reference. Such consolidated financial statements and schedule are incorporated herein by reference in reliance upon such reports given on the authority of such firm as experts in accounting and auditing.

The consolidated financial statements and schedule of The Black & Decker Corporation as of December 31, 2008 and 2007, and for each of the three years ended December 31, 2008, appearing in The Black & Decker Corporation s Annual Report on Form 10-K, and the effectiveness of The Black & Decker Corporation s internal control over financial reporting as of December 31, 2008, included therein, have been audited by Ernst & Young LLP, independent registered public accounting firm, as set forth in its reports thereon, included therein, and incorporated herein by reference. Such consolidated financial statements and schedule are incorporated herein by reference in reliance upon such reports given on the authority of such firm as experts in accounting and auditing.

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SHAREHOLDER PROPOSALS

Stanley

Stanley will hold a regular annual meeting in 2010 regardless of whether the merger is completed.

For inclusion in the proxy statement and form of proxy relating to the 2010 annual meeting, shareholder proposals submitted pursuant to Rule 14a-8 of the Exchange Act must have been received by the Stanley Secretary not later than November 20, 2009 (or, if Stanley holds its 2010 annual meeting on a date that is not within 30 days of April 23, 2010, received not later than a reasonable period of time before Stanley begins to print and send its proxy materials for its 2010 annual meeting).

A shareholder who otherwise intends to present business at Stanley's 2010 annual meeting, or who wishes to nominate a person for election to the Stanley board of directors, must comply with Stanley's bylaws which state, among other things, that to properly bring business before an annual meeting, a shareholder must give notice to Stanley's Corporate Secretary in proper written form not less than 90 days nor more than 120 days prior to the anniversary of the date on which the proxy statement was first mailed relating to the immediately preceding annual meeting of shareholders (or, in the event that the annual meeting is called for a date that is not within 30 days of the anniversary of the date of the previous annual meeting, not later than the 10th day following the day on which the notice of the date of such annual meeting is mailed or public disclosure of the date of such annual meeting is made, whichever first occurs). Thus, assuming the Stanley 2010 annual meeting is held within 30 days of April 23, 2010, a notice of a shareholder proposal (submitted other than pursuant to Rule 14a-8) or a nomination for a director will not be timely if received by the Secretary before November 20, 2009 or after December 20, 2009.

Black & Decker

It is not expected that Black & Decker will hold an annual meeting of stockholders for 2010 unless the merger is not completed. In order to be considered for inclusion in the proxy statement for the 2010 annual meeting of stockholders, should one be held, stockholder proposals must have been submitted in writing and received not later than November 16, 2009 (or, if Black & Decker holds its 2010 annual meeting on a date that is not within 30 days of April 30, 2010, received not later than a reasonable period of time before Black & Decker begins to print and send its proxy materials for its 2010 annual meeting).

Stockholders desiring to bring business before the 2010 annual meeting of stockholders in a form other than a stockholder proposal in accordance with the preceding paragraph must have given written notice that was received by Black & Decker's Corporate Secretary at the principal office of Black & Decker after October 17, 2009, and before November 16, 2009. If Black & Decker's 2010 annual meeting is more than 30 days earlier or more than 60 days later than April 30, 2010, the notice must be received not more than 110 days prior to the annual meeting and not less than the later of 90 days prior to the annual meeting or 10 days following the day on which public announcement of the date of the annual meeting is first made. The written notice must comply with the provisions of Black & Decker's bylaws.

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WHERE YOU CAN FIND MORE INFORMATION

Stanley and Black & Decker file annual, quarterly and current reports, proxy statements and other information with the SEC under the Exchange Act. You may read and copy any of this information at the SEC's Public Reference Room at 100 F Street, N.E., Washington, D.C. 20549. Please call the SEC at 1-800-SEC-0330 for further information on the Public Reference Room. The SEC also maintains an Internet website that contains reports, proxy and information statements, and other information regarding issuers, including Stanley and Black & Decker, who file electronically with the SEC. The address of that site is www.sec.gov.

Investors may also consult Stanley's or Black & Decker's website for more information about Stanley or Black & Decker, respectively. Stanley's website is www.stanleyworks.com. Black & Decker's website is www.bdk.com. Additional information about the merger is available at www.stanleyblackanddecker.com. Information included on these websites is not incorporated by reference into this joint proxy statement/prospectus.

Stanley has filed with the SEC a registration statement of which this joint proxy statement/prospectus forms a part. The registration statement registers the shares of Stanley common stock to be issued to Black & Decker stockholders in connection with the merger. The registration statement, including the attached exhibits, contains additional relevant information about Stanley and Stanley common stock. The rules and regulations of the SEC allow Stanley and Black & Decker to omit certain information included in the registration statement from this joint proxy statement/prospectus.

In addition, the SEC allows Stanley and Black & Decker to disclose important information to you by referring you to other documents filed separately with the SEC. This information is considered to be a part of this joint proxy statement/prospectus.

This joint proxy statement/prospectus incorporates by reference the documents listed below that Stanley has previously filed or will file with the SEC. These documents contain important information about Stanley, its financial condition or other matters.

Annual Report on Form 10-K for the fiscal year ended January 3, 2009.

Proxy Statement on Schedule 14A filed March 20, 2009.

Quarterly Reports on Form 10-Q for the quarterly periods ended April 4, 2009, July 4, 2009, and October 3, 2009.

Current Reports on Form 8-K, filed January 23, 2009, July 9, 2009, November 2, 2009, November 3, 2009 and December 22, 2009.

The description of the Stanley common stock contained in Stanley's registration statement on Form 8-A filed with the SEC under Section 12 of the Exchange Act on March 24, 1986, including any subsequently filed amendments and reports updating such description.

The description of the rights associated with Stanley's common stock contained in Stanley's Registration Statement on Form 8-A/A, filed with the SEC on July 23, 2004, and any amendment or report filed for the purpose of updating such description (including the amendment filed on December 22, 2009).

In addition, Stanley incorporates by reference any future filings it makes with the SEC under Section 13(a), 13(c), 14 or 15(d) of the Exchange Act after the date of this joint proxy statement/prospectus and prior to the date of the Stanley special meeting. Such documents are considered to be a part of this joint proxy statement/prospectus, effective as of the date such documents are filed.

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You can obtain any of these documents from the SEC, through the SEC's website at the address described above, or Stanley will provide you with copies of these documents, without charge, upon written or oral request to:

The Stanley Works
1000 Stanley Drive
New Britain, CT 06053
(860) 225-5111
Attn: Investor Relations

This joint proxy statement/prospectus also incorporates by reference the documents listed below that Black & Decker has previously filed or will file with the SEC. These documents contain important information about Black & Decker, its financial condition or other matters.

Annual Report on Form 10-K for the fiscal year ended December 31, 2008.

Proxy Statement on Schedule 14A filed March 16, 2009.

Quarterly Reports on Form 10-Q for the quarterly periods ended March 29, 2009, June 28, 2009, and September 27, 2009.

The Current Reports on Form 8-K filed on April 3, 2009, April 16, 2009, April 30, 2009, July 20, 2009, November 2, 2009, November 3, 2009 and December 29, 2009.

In addition, Black & Decker incorporates by reference any future filings it makes with the SEC under Section 13(a), 13(c), 14 or 15(d) of the Exchange Act after the date of this joint proxy statement/prospectus and prior to the date of the Black & Decker special meeting. Such documents are considered to be a part of this joint proxy statement/prospectus, effective as of the date such documents are filed.

You can obtain any of these documents from the SEC, through the SEC's website at the address described above, or Black & Decker will provide you with copies of these documents, without charge, upon written or oral request to:

The Black & Decker Corporation
701 East Joppa Road
Towson, MD 21286
Attention: Investor Relations
Telephone: (410) 716-2914

In the event of conflicting information in this joint proxy statement/prospectus in comparison to any document incorporated by reference into this joint proxy statement/prospectus, or among documents incorporated by reference, the information in the latest filed document controls.

You should rely only on the information contained or incorporated by reference into this joint proxy statement/prospectus. No one has been authorized to provide you with information that is different from that contained in, or incorporated by reference into, this joint proxy statement/prospectus. This joint proxy statement/prospectus is dated _____, 2010. You should not assume that the information contained in this joint proxy statement/prospectus is accurate as of any date other than that date. You should not assume that the information incorporated by reference into this joint proxy statement/prospectus is accurate as of any date other than the date of such incorporated document. Neither our mailing of this joint proxy statement/prospectus to Stanley shareholders or Black & Decker stockholders nor the issuance by Stanley of shares of common stock in connection with the merger will create any implication to

the contrary.

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Annex A

AGREEMENT AND PLAN OF MERGER

Dated as of November 2, 2009,

Among

THE BLACK & DECKER CORPORATION,

THE STANLEY WORKS

and

BLUE JAY ACQUISITION CORP.

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AGREEMENT AND PLAN OF MERGER (this Agreement) dated as of November 2, 2009, among THE BLACK & DECKER CORPORATION, a Maryland corporation (Black & Decker), THE STANLEY WORKS, a Connecticut corporation (Stanley), and BLUE JAY ACQUISITION CORP., a Maryland corporation and a wholly owned subsidiary of Stanley (Merger Sub).

WHEREAS each of the Board of Directors of Black & Decker, the Board of Directors of Stanley and the Board of Directors of Merger Sub has approved this Agreement and determined that the Merger on the terms provided for in this Agreement is advisable and in the best interests of Black & Decker, Stanley or Merger Sub, as applicable, and its respective stockholders or shareholders, as applicable;

WHEREAS the Board of Directors of Black & Decker and the Board of Directors of Merger Sub each has recommended that its stockholders approve the Merger on the terms provided in this Agreement, and the Board of Directors of Stanley has adopted the Articles Amendment and recommended that its shareholders approve the Share Issuance and the Articles Amendment on the terms provided in this Agreement;

WHEREAS for U.S. Federal income Tax purposes, the Merger is intended to qualify as a reorganization within the meaning of Section 368(a) of the Code (the Intended Tax Treatment), and this Agreement is intended to be, and is adopted as, a plan of reorganization for purposes of Sections 354 and 361 of the Code;

WHEREAS as an inducement to Stanley and Merger Sub to enter into this Agreement, concurrently with the execution and delivery of this Agreement, Nolan D. Archibald is entering into an employment agreement with Stanley (the Executive Chairman Agreement), conditioned upon consummation of the Merger and to be effective at the Effective Time; and

WHEREAS Black & Decker, Stanley and Merger Sub desire to make certain representations, warranties, covenants and agreements in connection with the Merger and also to prescribe various conditions to the Merger.

NOW, THEREFORE, in consideration of the foregoing, the parties hereto agree as follows:

ARTICLE I

The Merger

Section 1.01. The Merger. On the terms and subject to the conditions set forth in this Agreement, and in accordance with the Maryland General Corporation Law (the MGCL), on the Closing Date, Merger Sub shall be merged with and into Black & Decker (the Merger). At the Effective Time and as a result of the Merger, the separate corporate existence of Merger Sub shall cease and Black & Decker shall continue as the surviving company in the Merger (the Surviving Company).

Section 1.02. Closing. The closing (the Closing) of the Merger shall take place at the offices of Cravath, Swaine & Moore LLP, Worldwide Plaza, 825 Eighth Avenue, New York, New York 10019 at 10:00 a.m., New York City time, on a date to be specified by Black & Decker and Stanley, which shall be no later than the second Business Day following the satisfaction or (to the extent permitted by Law) waiver by the party or parties entitled to the benefits thereof of the conditions set forth in Article VII (other than those conditions that by their nature are to be satisfied at the Closing, but subject to the satisfaction or (to the extent permitted by Law) waiver of those conditions), or at such other place, time and date as shall be agreed in writing between Black & Decker and Stanley; provided, however, that if all the conditions set forth in Article VII shall not have been satisfied or (to the extent permitted by Law) waived on such second Business Day, then the Closing shall take place on the first Business Day thereafter on which all such conditions shall have been satisfied or (to the extent permitted by Law) waived. The date on which the Closing occurs

is referred to in this Agreement as the Closing Date .

Section 1.03. *Effective Time.* Subject to the provisions of this Agreement, as soon as practicable on the Closing Date, the parties shall file with the State Department of Assessments and Taxation of the State of Maryland (the SDAT) the articles of merger relating to the Merger (the Articles of Merger), executed and

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acknowledged in accordance with the relevant provisions of the MGCL, and, as soon as practicable on or after the Closing Date, shall make all other filings required under the MGCL or by the SDAT in connection with the Merger. The Merger shall become effective at the time that the Articles of Merger have been duly filed with and accepted for record by the SDAT, or at such later time, not more than 30 days after the Articles of Merger are accepted for record by the SDAT, as Black & Decker, Stanley and Merger Sub shall agree and specify in the Articles of Merger (the time the Merger becomes effective being the Effective Time).

Section 1.04. Effects. The Merger shall have the effects set forth in this Agreement and the applicable provisions of the MGCL.

Section 1.05. Charter and Bylaws. At the Effective Time, the charter of Black & Decker shall be amended and restated in its entirety as set forth on Exhibit A hereto and shall be the charter of the Surviving Company until thereafter changed or amended as provided therein or by applicable Law. The bylaws of the Surviving Company in effect from and after the Effective Time and until thereafter changed or amended as provided therein or by applicable Law shall be in the form of the bylaws of Merger Sub as in effect immediately prior to the Effective Time, except that references to the name of Merger Sub shall be replaced by references to the name of the Surviving Company (the Surviving Company Bylaws).

Section 1.06. Board of Directors and Officers of Surviving Company. The directors of Merger Sub immediately prior to the Effective Time shall become the directors of the Surviving Company as of the Effective Time until the earlier of their resignation or removal or their respective successors have been duly elected and qualified, as the case may be. The officers of Black & Decker immediately prior to the Effective Time shall continue as the officers of the Surviving Company immediately following the Effective Time until the earlier of their resignation or removal or until their respective successors are duly appointed and qualified.

ARTICLE II

Effect on the Stock of the
Constituent Corporations: Exchange of Certificates

Section 2.01. Effect on Stock. At the Effective Time, by virtue of the Merger and without any action on the part of Black & Decker, Stanley, Merger Sub or the holder of any shares of Black & Decker Common Stock or any shares of Merger Sub Common Stock:

(a) Conversion of Merger Sub Common Stock. Each share of common stock, par value \$0.01 per share, of Merger Sub (the Merger Sub Common Stock) issued and outstanding immediately prior to the Effective Time shall be converted into and become one fully paid and nonassessable share of common stock, par value \$0.01 per share, of the Surviving Company with the same rights, powers and privileges as the shares so converted and shall constitute the only outstanding shares of stock of the Surviving Company. From and after the Effective Time, all certificates representing shares of Merger Sub Common Stock, if any, shall be deemed for all purposes to represent the number of shares of common stock of the Surviving Company into which they were converted in accordance with the immediately preceding sentence.

(b) Cancellation of Stanley-Owned Stock. Each share of common stock, par value \$0.50 per share, of Black & Decker (the Black & Decker Common Stock) that is owned by Stanley or Merger Sub immediately prior to the Effective Time shall no longer be outstanding and shall automatically be canceled and shall cease to exist, and no consideration shall be delivered in exchange therefor.

(c) Conversion of Black & Decker Common Stock. Subject to Sections 2.01(b) and 2.02(f), each share of Black & Decker Common Stock issued and outstanding immediately prior to the Effective Time shall be converted into the right to receive 1.275 (the Exchange Ratio) fully paid and nonassessable shares of Stanley Common Stock, together with associated Stanley Rights (the Merger Consideration). All such shares of Black & Decker Common Stock, when so converted, shall no longer be outstanding and shall automatically be canceled and shall cease to exist, and each holder of a certificate that immediately prior to the Effective Time represented any such shares of Black & Decker Common Stock (each, a Certificate) and each holder of shares of Black & Decker Common Stock held in book-entry form shall, in each case, cease to have any

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rights with respect thereto, except the right to receive the Merger Consideration and any cash in lieu of fractional shares of Stanley Common Stock to be issued or paid in consideration therefor and any dividends or other distributions to which holders become entitled in accordance with Section 2.02, without interest. For purposes of this Agreement, Stanley Common Stock means the common stock, par value \$2.50 per share, of Stanley. Notwithstanding the foregoing, if between the date of this Agreement and the Effective Time the outstanding shares of Stanley Common Stock or Black & Decker Common Stock shall have been changed into a different number of shares or a different class, by reason of any stock dividend, subdivision, reclassification, recapitalization, split, combination or exchange of shares, or any similar event shall have occurred, then any number or amount contained herein which is based upon the number of shares of Stanley Common Stock or Black & Decker Common Stock, as the case may be, will be appropriately adjusted to provide to Stanley and the holders of Black & Decker Common Stock the same economic effect as contemplated by this Agreement prior to such event. The right of any holder of Black & Decker Common Stock to receive the Merger Consideration shall be subject in all cases to the provisions of Section 2.02, and in accordance therewith shall be subject to and reduced by the amount of any withholding under applicable Tax Law.

Section 2.02. Exchange of Certificates; Book-Entry Shares. (a) Exchange Agent. Prior to the Effective Time, Stanley shall appoint a bank or trust company reasonably acceptable to Black & Decker to act as exchange agent (the Exchange Agent) for the payment of the Merger Consideration. At or prior to the Effective Time, Stanley shall deposit with the Exchange Agent, for the benefit of the holders of Black & Decker Common Stock, for exchange in accordance with this Article II through the Exchange Agent, certificates representing the shares of Stanley Common Stock to be issued as Merger Consideration and cash sufficient to make payments in lieu of fractional shares pursuant to Section 2.02(f). All such shares of Stanley Common Stock and cash deposited with the Exchange Agent is hereinafter referred to as the Exchange Fund .

(b) Letter of Transmittal. As promptly as practicable after the Effective Time, and in any event not later than the second Business Day thereafter, Stanley shall cause the Exchange Agent to mail to each holder of record of Black & Decker Common Stock a form of letter of transmittal (the Letter of Transmittal) (which shall specify that delivery shall be effected, and risk of loss and title to any Certificates shall pass, only upon delivery of such Certificates to the Exchange Agent and shall be in such form and have such other provisions (including customary provisions with respect to delivery of an agent s message with respect to shares held in book-entry form) as Stanley may specify subject to Black & Decker s reasonable approval), together with instructions thereto.

(c) Merger Consideration Received in Connection with Exchange. Upon (i) in the case of shares of Black & Decker Common Stock represented by a Certificate, the surrender of such Certificate for cancellation to the Exchange Agent, or (ii) in the case of shares of Black & Decker Common Stock held in book-entry form, the receipt of an agent s message by the Exchange Agent, in each case together with the associated Letter of Transmittal, duly, completely and validly executed in accordance with the instructions thereto, and such other documents as may reasonably be required by the Exchange Agent, the holder of such shares shall be entitled to receive in exchange therefor (i) the Merger Consideration into which such shares of Black & Decker Common Stock have been converted pursuant to Section 2.01 and (ii) any cash in lieu of fractional shares which the holder has the right to receive pursuant to 2.02(f) and any dividends or other distributions which the holder has the right to receive pursuant to Section 2.02(d). In the event of a transfer of ownership of Black & Decker Common Stock which is not registered in the transfer records of Black & Decker, a certificate representing the proper number of shares of Stanley Common Stock pursuant to Section 2.01 and cash in lieu of fractional shares which the holder has the right to receive pursuant to Section 2.02(f) and any dividends or other distributions which the holder has the right to receive pursuant to Section 2.02(d) may be issued to a transferee if the Certificate representing such Black & Decker Common Stock (or, if such Black & Decker Common Stock is held in book-entry form, proper evidence of such transfer) is presented to the Exchange Agent, accompanied by all documents required to evidence and effect such transfer and by evidence that any applicable stock transfer Taxes have been paid. Until surrendered as contemplated by this Section 2.02(c), each share of Black & Decker Common Stock, and any Certificate with respect thereto shall be deemed at any time from and after the

Effective Time to represent only the right to receive upon such

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surrender the Merger Consideration which the holders of shares of Black & Decker Common Stock were entitled to receive in respect of such shares pursuant to Section 2.01 (and cash in lieu of fractional shares pursuant to Section 2.02(f) and any dividends or other distributions pursuant to Section 2.02(d)). No interest shall be paid or shall accrue on the cash payable upon surrender of any Certificate (or shares of Black & Decker Common Stock held in book-entry form).

(d) Treatment of Unexchanged Shares. No dividends or other distributions declared or made with respect to Stanley Common Stock with a record date after the Effective Time shall be paid to the holder of any unsurrendered Certificate (or shares of Black & Decker Common Stock held in book-entry form) with respect to the shares of Stanley Common Stock issuable upon surrender thereof, and no cash payment in lieu of fractional shares shall be paid to any such holder pursuant to Section 2.02(f), until the surrender of such Certificate (or such shares of Black & Decker Common Stock held in book-entry form) in accordance with this Article II. Subject to escheat, Tax or other applicable Law, following surrender of any such Certificate (or shares of Black & Decker Common Stock held in book-entry form), there shall be paid to the holder of the certificate representing whole shares of Stanley Common Stock issued in exchange therefor, without interest, (i) at the time of such surrender, the amount of any cash payable in lieu of a fractional share of Stanley Common Stock to which such holder is entitled pursuant to Section 2.02(f) and the amount of dividends or other distributions with a record date after the Effective Time theretofore paid with respect to such whole shares of Stanley Common Stock and (ii) at the appropriate payment date, the amount of dividends or other distributions with a record date after the Effective Time but prior to such surrender and a payment date subsequent to such surrender payable with respect to such whole shares of Stanley Common Stock.

(e) No Further Ownership Rights in Black & Decker Common Stock. The Merger Consideration, any dividends or other distributions payable pursuant to Section 2.02(d) and cash in lieu of any fractional shares payable pursuant to Section 2.02(f) paid upon the surrender of Certificates (or shares of Black & Decker Common Stock held in book-entry form) in accordance with the terms of this Article II shall be deemed to have been issued and paid in full satisfaction of all rights pertaining to the shares of Black & Decker Common Stock formerly represented by such Certificates (or shares of Black & Decker Common Stock held in book-entry form), subject, however, to the Surviving Company's obligation to pay any dividends or make any other distributions with a record date prior to the Effective Time that may have been declared or made by Black & Decker on such shares of Black & Decker Common Stock and which remain unpaid at the Effective Time. From and after the Effective Time, there shall be no further registration of transfers on the stock transfer books of the Surviving Company of shares of Black & Decker Common Stock that were outstanding immediately prior to the Effective Time. If, after the Effective Time, any Certificates formerly representing shares of Black & Decker Common Stock (or shares of Black & Decker Common Stock held in book-entry form) are presented to Stanley or the Exchange Agent for any reason, they shall be canceled and exchanged as provided in this Article II.

(f) No Fractional Shares. No certificates or scrip representing fractional shares of Stanley Common Stock shall be issued upon the conversion of Black & Decker Common Stock pursuant to Section 2.01, and such fractional share interests shall not entitle the owner thereof to vote or to any rights of a holder of Stanley Common Stock. Notwithstanding any other provision of this Agreement, each holder of shares of Black & Decker Common Stock converted pursuant to the Merger who, based on the Exchange Ratio, would have been entitled to receive a fraction of a share of Stanley Common Stock (after taking into account all shares of Black & Decker Common Stock exchanged by such holder) shall receive, in lieu thereof, cash (without interest) in an amount equal to such fractional amount multiplied by the closing sale price for Stanley Common Stock on the New York Stock Exchange (the NYSE) (as reported in The Wall Street Journal or, if not reported therein, in another authoritative source mutually selected by Stanley and Black & Decker) for the trading day immediately preceding the date of the Effective Time.

(g) Termination of Exchange Fund. Any portion of the Exchange Fund (including any interest received with respect thereto) that remains undistributed to the holders of Black & Decker Common Stock for one year after the Effective

Time shall be delivered to Stanley, upon demand, and any holder of Black & Decker Common Stock who has not theretofore complied with this Article II shall thereafter look only to Stanley for

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payment of its claim for Merger Consideration, any cash in lieu of fractional shares and any dividends and distributions to which such holder is entitled pursuant to this Article II.

(h) No Liability. None of Black & Decker, Stanley, Merger Sub or the Exchange Agent shall be liable to any Person in respect of any portion of the Exchange Fund delivered to a public official in compliance with any applicable abandoned property, escheat or similar Law. Any portion of the Exchange Fund which remains undistributed to the holders of Certificates for two years after the Effective Time (or immediately prior to such earlier date on which the Exchange Fund otherwise would be required to escheat to, or become the property of, any Governmental Entity), shall, to the extent permitted by applicable Law, become the property of Stanley, free and clear of all claims or interest of any Person previously entitled thereto.

(i) Investment of Exchange Fund. The Exchange Agent shall invest any cash in the Exchange Fund as directed by Stanley. Any interest and other income resulting from such investments shall be paid to Stanley.

(j) Withholding Rights. Each of Stanley and the Exchange Agent (without duplication) shall be entitled to deduct and withhold from the consideration otherwise payable to any holder of Black & Decker Common Stock pursuant to this Agreement such amounts as may be required to be deducted and withheld with respect to the making of such payment under applicable Tax Law. Amounts so withheld and paid over to the appropriate taxing authority shall be treated for all purposes of this Agreement as having been paid to the holder of Black & Decker Common Stock in respect of which such deduction or withholding was made.

(k) Lost Certificates. If any Certificate shall have been lost, stolen or destroyed, upon the making of an affidavit of that fact by the Person claiming such Certificate to be lost, stolen or destroyed and, if required by Stanley, the posting by such Person of a bond, in such reasonable and customary amount as Stanley may direct, as indemnity against any claim that may be made against it with respect to such Certificate, the Exchange Agent shall issue, in exchange for such lost, stolen or destroyed Certificate, the Merger Consideration, any cash in lieu of fractional shares and any dividends and distributions on the Certificate deliverable in respect thereof pursuant to this Article II.

ARTICLE III

Representations and Warranties of Stanley and Merger Sub

Stanley and Merger Sub jointly and severally represent and warrant to Black & Decker that the statements contained in this Article III are true and correct except as set forth in the Stanley SEC Documents filed and publicly available prior to the date of this Agreement (the Filed Stanley SEC Documents) (excluding any disclosures in the Filed Stanley SEC Documents under the heading Risk Factors and any other disclosures of risks that are predictive or forward-looking in nature) or in the disclosure letter delivered by Stanley to Black & Decker at or before the execution and delivery by Stanley and Merger Sub of this Agreement (the Stanley Disclosure Letter). The Stanley Disclosure Letter shall be arranged in numbered and lettered sections corresponding to the numbered and lettered sections contained in this Article III, and the disclosure in any section shall be deemed to qualify other sections in this Article III to the extent (and only to the extent) that it is reasonably apparent from the face of such disclosure that such disclosure also qualifies or applies to such other sections.

Section 3.01. Organization, Standing and Power. Each of Stanley and each of Stanley's Subsidiaries (the Stanley Subsidiaries) is duly organized, validly existing and in good standing under the laws of the jurisdiction in which it is organized (in the case of good standing, to the extent such jurisdiction recognizes such concept), except, in the case of the Stanley Subsidiaries, where the failure to be so organized, existing or in good standing, individually or in the aggregate, has not had and would not reasonably be expected to have a Stanley Material Adverse Effect. Each of Stanley and the Stanley Subsidiaries has all requisite power and authority and possesses all governmental franchises,

licenses, permits, authorizations, variances, exemptions, orders and approvals (collectively, Permits) necessary to enable it to own, lease or otherwise hold its properties and assets and to conduct its businesses as presently conducted (the Stanley Permits), except where the failure to have such power or authority or to possess Stanley Permits, individually or in the aggregate, has not had and would not reasonably be expected to have a Stanley Material Adverse Effect. Each

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of Stanley and the Stanley Subsidiaries is duly qualified or licensed to do business in each jurisdiction where the nature of its business or the ownership or leasing of its properties makes such qualification necessary, other than in such jurisdictions where the failure to be so qualified or licensed, individually or in the aggregate, has not had and would not reasonably be expected to have a Stanley Material Adverse Effect. Stanley has delivered or made available to Black & Decker, prior to execution of this Agreement, true and complete copies of (a) the certificate of incorporation of Stanley in effect as of the date of this Agreement (the Stanley Articles) and the bylaws of Stanley in effect as of the date of this Agreement (the Stanley Bylaws) and (b) the articles of incorporation and bylaws of Merger Sub in effect as of the date of this Agreement.

Section 3.02. Stanley Subsidiaries. (a) All the outstanding shares of capital stock or voting securities of, or other equity interests in, each Stanley Subsidiary have been validly issued and are fully paid and nonassessable and are (other than directors qualifying shares and shares held by natural persons pursuant to requirements of Law of non-U.S. jurisdictions) owned by Stanley, by another Stanley Subsidiary or by Stanley and another Stanley Subsidiary, free and clear of all pledges, liens, charges, mortgages, encumbrances and security interests of any kind or nature whatsoever (collectively, Liens), and free of any other restriction (including any restriction on the right to vote, sell or otherwise dispose of such capital stock, voting securities or other equity interests), except for restrictions imposed by applicable securities Laws. Stanley has provided to Black & Decker a true and complete list of all Stanley Subsidiaries as of the date of this Agreement.

(b) Except for the capital stock and voting securities of, and other equity interests in, the Stanley Subsidiaries, neither Stanley nor any Stanley Subsidiary owns, directly or indirectly, any capital stock or voting securities of, or other equity interests in, or any interest convertible into or exchangeable or exercisable for, any capital stock or voting securities of, or other equity interests in, any firm, corporation, partnership, company, limited liability company, trust, joint venture, association or other entity.

Section 3.03. Capital Structure. (a) The authorized capital stock of Stanley consists of 200,000,000 shares of Stanley Common Stock and 10,000,000 shares of preferred stock, without par value (the Stanley Preferred Stock and, together with the Stanley Common Stock, the Stanley Capital Stock). 250,000 shares of Stanley Preferred Stock have been designated Series A Junior Participating Preferred Stock, without par value (the Stanley Series A Junior Participating Preferred Stock). At the close of business on October 29, 2009, (i) 80,420,028 shares of Stanley Common Stock were issued and outstanding, (ii) no shares of Stanley Preferred Stock (including Stanley Series A Junior Participating Preferred Stock) were issued and outstanding, (iii) 11,923,382 shares of Stanley Common Stock comprise formerly issued shares which have been repurchased by Stanley, and which are accounted for as treasury stock in Stanley's consolidated financial statements, (iv) each share of Stanley Common Stock was accompanied by a right (each, a Stanley Right) to purchase 1/200th of a share of Stanley Series A Junior Participating Preferred Stock, all such Stanley Rights having been issued pursuant to the Rights Agreement dated as of January 19, 2006, between Stanley and Computershare Investor Services L.L.C. (the Rights Agreement), (v) 250,000 shares of Stanley Series A Junior Participating Preferred Stock were reserved for issuance upon exercise of the Stanley Rights, (vi) 4,958,216 shares of Stanley Common Stock were reserved for issuance upon conversion of Stanley's convertible senior notes (the Stanley Convertible Senior Notes) issued in connection with Stanley's equity units issued March 20, 2007 (the Stanley Equity Units), (vii) 5,895,936 shares of Stanley Common Stock were reserved for issuance upon the maturity of the share purchase contracts associated with the Stanley Equity Units, (viii) 4,938,624 shares of Stanley Common Stock were reserved for issuance pursuant to warrants issued in connection with the Stanley Equity Units, (ix) 12,086,500 shares of Stanley Common Stock were reserved and available for issuance pursuant to the Stanley Stock Plans, of which (A) 5,790,631 shares were issuable upon exercise of outstanding Stanley Stock Options, (B) 815,453 shares were subject to outstanding Stanley Restricted Stock Units and (C) 925,032 shares were subject to outstanding Stanley Performance Share Units (assuming settlement of outstanding awards based on maximum achievement of applicable performance goals) (together with outstanding Stanley Stock Options and Stanley Restricted Stock Units, Stanley Stock-Based Awards), (x) 3,161,978 shares of Stanley Common Stock were reserved for issuance pursuant to the

Stanley Employee Stock Purchase Plan (the Stanley ESPP) and (xi) 83,713 shares of Stanley Common Stock were payable pursuant to the Stanley Deferred Compensation Plan for Non-

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Employee Directors (Stanley Directors Deferred Compensation Plan). Except as set forth in this Section 3.03(a), at the close of business on October 29, 2009, no shares of capital stock or voting securities of, or other equity interests in, Stanley were issued, reserved for issuance or outstanding. From the close of business on October 29, 2009 to the date of this Agreement, there have been no issuances by Stanley of shares of capital stock or voting securities of, or other equity interests in, Stanley other than the issuance of Stanley Common Stock (and associated Rights) (A) upon the exercise of Stanley Stock Options or rights under the Stanley ESPP outstanding at the close of business on October 29, 2009, (B) upon the vesting of Stanley Restricted Stock Units or Stanley Performance Share Units outstanding at the close of business on October 29, 2009, or (C) pursuant to the Stanley Directors Deferred Compensation Plan, in each case in accordance with their terms in effect on October 29, 2009.

(b) All outstanding shares of Stanley Capital Stock and all such shares that may be issued pursuant to the instruments or plans described in Section 3.03(a) are, or will be when issued, duly authorized, validly issued, fully paid and nonassessable and not subject to, or issued in violation of, any purchase option, call option, right of first refusal, preemptive right, subscription right or any similar right under any provision of the Business Corporation Act of the State of Connecticut (the CBCA), the Stanley Articles, the Stanley Bylaws or any Contract to which Stanley is a party or otherwise bound. The shares of Stanley Common Stock constituting the Merger Consideration will be, when issued, duly authorized, validly issued, fully paid and nonassessable and not subject to, or issued in violation of, any purchase option, call option, right of first refusal, preemptive right, subscription right or any similar right under any provision of the CBCA, the Stanley Articles, the Stanley Bylaws or any Contract to which Stanley is a party or otherwise bound. Except as set forth in this Section 3.03, as of the close of business on October 29, 2009, there are not issued, reserved for issuance or outstanding, and there are not any outstanding obligations of Stanley or any Stanley Subsidiary to issue, deliver or sell, or cause to be issued, delivered or sold, (i) any capital stock of Stanley or any Stanley Subsidiary or any securities of Stanley or any Stanley Subsidiary convertible into or exchangeable or exercisable for shares of capital stock or voting securities of, or other equity interests in, Stanley or any Stanley Subsidiary, (ii) any warrants, calls, options or other rights to acquire from Stanley or any Stanley Subsidiary, or any other obligation of Stanley or any Stanley Subsidiary to issue, deliver or sell, or cause to be issued, delivered or sold, any capital stock or voting securities of, or other equity interests in, Stanley or any Stanley Subsidiary, or (iii) any rights issued by or other obligations of Stanley or any Stanley Subsidiary that are linked in any way to the price of any class of Stanley Capital Stock or any shares of capital stock of any Stanley Subsidiary, the value of Stanley, any Stanley Subsidiary or any part of Stanley or any Stanley Subsidiary or any dividends or other distributions declared or paid on any shares of capital stock of Stanley or any Stanley Subsidiary. Except as set forth above in this Section 3.03 or in connection with Stanley Stock-Based Awards, as of the close of business on October 29, 2009, there are not any outstanding obligations of Stanley or any of the Stanley Subsidiaries to repurchase, redeem or otherwise acquire any shares of capital stock or voting securities or other equity interests of Stanley or any Stanley Subsidiary or any securities, interests, warrants, calls, options or other rights referred to in clause (i), (ii) or (iii) of the immediately preceding sentence. With respect to Stanley Stock Options, (A) each grant of a Stanley Stock Option was duly authorized no later than the date on which the grant of such Stanley Stock Option was by its terms to be effective (the Grant Date) by all necessary corporate action, including, as applicable, approval by the Board of Directors of Stanley (the Stanley Board) (or a duly constituted and authorized committee thereof), and the award agreement governing such grant was duly executed and delivered by each party thereto, and (B) the per share exercise price of each Stanley Stock Option was at least equal to the fair market value of a share of Stanley Common Stock on the applicable Grant Date. Except as set forth above in this Section 3.03, there are no bonds, debentures, notes or other Indebtedness of Stanley having the right to vote (or convertible into, or exchangeable for, securities having the right to vote) on any matters on which shareholders of Stanley may vote (Stanley Voting Debt). Neither Stanley nor any of the Stanley Subsidiaries is a party to any voting agreement with respect to the voting of any capital stock or voting securities of, or other equity interests in, Stanley. Except for this Agreement, neither Stanley nor any of the Stanley Subsidiaries is a party to any agreement pursuant to which any Person is entitled to elect, designate or nominate any director of Stanley or any of the Stanley Subsidiaries.

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Section 3.04. *Authority: Execution and Delivery: Enforceability.* (a) Each of Stanley and Merger Sub has all requisite corporate power and authority to execute and deliver this Agreement, to perform its obligations hereunder and to consummate the Merger and the other transactions contemplated by this Agreement, subject, in the case of the Share Issuance, to the receipt of the Stanley Shareholder Approval, and, in the case of the amendment of the Stanley Articles to increase the number of authorized shares of Stanley Common Stock in connection with the Share Issuance and to change the name of Stanley, each as described on Exhibit B (the Articles Amendment), to the receipt of the Stanley Articles Amendment Approval and, in the case of the Merger, to the approval of the Merger by Stanley as the sole stockholder of Merger Sub. The Stanley Board has adopted resolutions, by a vote at a meeting duly called at which a quorum of directors of Stanley was present, (i) approving this Agreement, (ii) determining that entering into this Agreement is in the best interests of Stanley and its shareholders, (iii) declaring the Merger advisable, and (iv) adopting the Articles Amendment and recommending that Stanley's shareholders vote in favor of approval of the Articles Amendment and the issuance of Stanley Common Stock constituting the Merger Consideration (the Share Issuance) and directing that the Articles Amendment and the Share Issuance be submitted to Stanley's shareholders for approval at a duly held meeting of such shareholders for such purpose (the Stanley Shareholders Meeting). Such resolutions have not been amended or withdrawn as of the date of this Agreement. The Board of Directors of Merger Sub has adopted resolutions, by unanimous written consent, (i) approving this Agreement, (ii) declaring advisable the Merger on substantially the terms and conditions set forth in this Agreement and determining that the Merger is in the best interests of Merger Sub and Stanley, as its sole stockholder, and (iii) recommending that Stanley, as sole stockholder of Merger Sub, approve the Merger and directing that the Merger be submitted to Stanley, as sole stockholder of Merger Sub, for approval. Such resolutions have not been amended or withdrawn as of the date of this Agreement. Stanley, as sole stockholder of Merger Sub, will, immediately following the execution and delivery of this Agreement by each of the parties hereto, approve the Merger. Except (A) solely in the case of the Share Issuance, for the approval of the Share Issuance by the affirmative vote of the holders of a majority of the shares of Stanley Common Stock represented in person or by proxy at the Stanley Shareholders Meeting, as required by Section 312.03 of the NYSE Listed Company Manual (the Stanley Shareholder Approval), (B) solely in the case of the Articles Amendment, for the approval of the Articles Amendment by the affirmative vote of holders of a number of shares of Stanley Common Stock represented in person or by proxy at the Stanley Shareholder Meeting in excess of the number of shares of Stanley Common Stock represented in person or by proxy at the Stanley Shareholder Meeting held by holders casting a negative vote (the Stanley Articles Amendment Approval) and (C) solely in the case of the Merger, for the approval of the Merger by Stanley as the sole stockholder of Merger Sub, no other corporate proceedings on the part of Stanley or Merger Sub are necessary to authorize, adopt or approve, as applicable, this Agreement or to consummate the Merger and the other transactions contemplated by this Agreement (except for the execution and filing of the appropriate merger documents as required by the MGCL). Each of Stanley and Merger Sub has duly executed and delivered this Agreement and, assuming the due authorization, execution and delivery by Black & Decker, this Agreement constitutes its legal, valid and binding obligation, enforceable against it in accordance with its terms.

(b) The Stanley Board has adopted such resolutions as are necessary to render inapplicable to any transaction occurring after the Effective Time the provisions of Section 33-844 of the CBCA to any holder of Black & Decker Common Stock that becomes an interested shareholder of Stanley (as defined in Section 33-843 of the CBCA) as a result of such holder's receipt of the Merger Consideration. No other interested shareholder, fair price, moratorium, control share acquisition or other similar antitakeover statute or similar statute or regulation, or similar provision or term of the Stanley Articles or Stanley Bylaws, applies with respect to Stanley or Merger Sub with respect to this Agreement, the Merger or any of the other transactions contemplated by this Agreement.

(c) Stanley will take all action necessary such that the consummation of the Merger and the Share Issuance shall be exempt from the terms of the Rights Agreement. Neither Stanley nor any Stanley Subsidiary has in effect a poison pill, shareholder rights plan or other similar plan or agreement other than the Rights Agreement.

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Section 3.05. No Conflicts: Consents. (a) The execution and delivery by each of Stanley and Merger Sub of this Agreement does not, and the performance by it of its obligations hereunder and the consummation of the Merger and the other transactions contemplated by this Agreement will not, (i) conflict with or result in any violation of any provision of the Stanley Articles, the Stanley Bylaws or the comparable charter, bylaws or other organizational documents of any Stanley Subsidiary (assuming that the Stanley Shareholder Approval is obtained), (ii) conflict with, or result in any violation of or default (with or without notice or lapse of time, or both) under, give rise to a right of termination, cancellation or acceleration of, give rise to any obligation to make an offer to purchase or redeem any Indebtedness or capital stock or any loss of a material benefit under, or result in the creation of any Lien upon any of the properties or assets of Stanley or any Stanley Subsidiary under, any legally binding contract, lease, license, indenture, note, bond, agreement, concession, franchise or other instrument (a Contract) to which Stanley or any Stanley Subsidiary is a party or by which any of their respective properties or assets is bound or any Stanley Permit or (iii) subject to the filings and other matters referred to in Section 3.05(b), conflict with or result in any violation of any judgment, order or decree (Judgment) or statute, law (including common law), ordinance, rule or regulation (Law), in each case, applicable to Stanley or any Stanley Subsidiary or their respective properties or assets (assuming that the Stanley Shareholder Approval is obtained), other than, in the case of clauses (ii) and (iii) above, any matters that, individually or in the aggregate, have not had and would not reasonably be expected to have a Stanley Material Adverse Effect and would not prevent or materially impede, interfere with, hinder or delay the consummation of the Merger.

(b) No consent, approval, clearance, waiver, waiting period expiration, Permit or order (Consent) of or from, or registration, declaration, notice or filing made to or with any Federal, national, state, provincial or local, whether domestic or foreign, government or any court of competent jurisdiction, administrative agency or commission or other governmental authority or instrumentality, whether domestic, foreign or supranational (a Governmental Entity), is required to be obtained or made by or with respect to Stanley or any Stanley Subsidiary in connection with the execution and delivery of this Agreement or its performance of its obligations hereunder or the consummation of the Merger and the other transactions contemplated by this Agreement, other than (i) (A) the filing with the Securities and Exchange Commission (the SEC) of the Joint Proxy Statement in definitive form, (B) the filing with the SEC, and declaration of effectiveness under the Securities Act of 1933, as amended (the Securities Act), of the registration statement on Form S-4 in connection with the issuance by Stanley of the Merger Consideration, in which the Joint Proxy Statement will be included as a prospectus (the Form S-4), and (C) the filing with the SEC of such reports under, and such other compliance with, the Securities Exchange Act of 1934, as amended (the Exchange Act), and the Securities Act, and the rules and regulations thereunder, as may be required in connection with this Agreement, the Merger and the other transactions contemplated by this Agreement, (ii) compliance with and filings under the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended (the HSR Act), and such other Consents, registrations, declarations, notices or filings as are required to be made or obtained under any foreign antitrust, competition, trade regulation or similar Laws, (iii) the filing of the Articles of Merger with, and acceptance for record by, the SDAT and appropriate documents with the relevant authorities of the other jurisdictions in which Stanley and Black & Decker are qualified to do business, (iv) such Consents, registrations, declarations, notices or filings as are required to be made or obtained under the securities or blue sky laws of various states in connection with the issuance of the Merger Consideration, (v) such Consents from, or registrations, declarations, notices or filings made to or with, any Governmental Entities (other than with respect to securities, antitrust, competition, trade regulation or similar Laws), in each case as may be required in connection with this Agreement, the Merger or the other transactions contemplated by this Agreement, (vi) such filings with and approvals of the NYSE as are required to permit the listing of the Merger Consideration and (vii) such other matters that, individually or in the aggregate, have not had and would not reasonably be expected to have a Stanley Material Adverse Effect and would not prevent or materially impede, interfere with, hinder or delay the consummation of the Merger.

Section 3.06. SEC Documents: Undisclosed Liabilities. (a) Stanley has furnished or filed all reports, schedules, forms, statements and other documents (including exhibits and other information incorporated therein) required to be

furnished or filed by Stanley with the SEC since December 30, 2007 (such documents, together with any documents filed with or furnished to the SEC during such period by Stanley on a voluntary

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basis on a Current Report on Form 8-K, but excluding the Joint Proxy Statement and the Form S-4, being collectively referred to as the Stanley SEC Documents).

(b) Each Stanley SEC Document (i) at the time filed, complied in all material respects with the requirements of the Sarbanes-Oxley Act of 2002 (SOX) and the Exchange Act or the Securities Act, as the case may be, and the rules and regulations of the SEC promulgated thereunder applicable to such Stanley SEC Document and (ii) did not at the time it was filed (or if amended or superseded by a filing or amendment prior to the date of this Agreement, then at the time of such filing or amendment) contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary in order to make the statements therein, in light of the circumstances under which they were made, not misleading. Each of the consolidated financial statements of Stanley included in the Stanley SEC Documents complied at the time it was filed as to form in all material respects with applicable accounting requirements and the published rules and regulations of the SEC with respect thereto, was prepared in accordance with United States generally accepted accounting principles (GAAP) (except, in the case of unaudited statements, as permitted by Form 10-Q of the SEC) applied on a consistent basis during the periods involved (except as may be indicated in the notes thereto) and fairly presented in all material respects the consolidated financial position of Stanley and its consolidated Subsidiaries as of the dates thereof and the consolidated results of their operations and cash flows for the periods shown (subject, in the case of unaudited statements, to normal year-end audit adjustments).

(c) Neither Stanley nor any Stanley Subsidiary has any liabilities or obligations of any nature (whether accrued, absolute, contingent or otherwise) that, individually or in the aggregate, have had or would reasonably be expected to have a Stanley Material Adverse Effect.

(d) Each of the chief executive officer of Stanley and the chief financial officer of Stanley (or each former chief executive officer of Stanley and each former chief financial officer of Stanley, as applicable) has made all applicable certifications required by Rule 13a-14 or 15d-14 under the Exchange Act and Sections 302 and 906 of SOX with respect to the Stanley SEC Documents, and the statements contained in such certifications are true and accurate. For purposes of this Agreement, chief executive officer and chief financial officer shall have the meanings given to such terms in SOX. None of Stanley or any of the Stanley Subsidiaries has outstanding, or has arranged any outstanding, extensions of credit to directors or executive officers within the meaning of Section 402 of SOX.

(e) Stanley maintains a system of internal control over financial reporting (as defined in Rules 13a-15(f) and 15d-15(f) of the Exchange Act) sufficient to provide reasonable assurance (i) that transactions are recorded as necessary to permit preparation of financial statements in conformity with GAAP, consistently applied, (ii) that transactions are executed only in accordance with the authorization of management and (iii) regarding prevention or timely detection of the unauthorized acquisition, use or disposition of Stanley's properties or assets.

(f) The disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) of the Exchange Act) utilized by Stanley are reasonably designed to ensure that all information (both financial and non-financial) required to be disclosed by Stanley in the reports that it files or submits under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the rules and forms of the SEC and that all such information required to be disclosed is accumulated and communicated to the management of Stanley, as appropriate, to allow timely decisions regarding required disclosure and to enable the chief executive officer and chief financial officer of Stanley to make the certifications required under the Exchange Act with respect to such reports.

(g) Neither Stanley nor any of the Stanley Subsidiaries is a party to, or has any commitment to become a party to, any joint venture, off-balance sheet partnership or any similar Contract (including any Contract or arrangement relating to any transaction or relationship between or among Stanley and any of the Stanley Subsidiaries, on the one hand, and any unconsolidated Affiliate, including any structured finance, special purpose or limited purpose entity or Person, on the other hand, or any off-balance-sheet arrangements (as defined in Item 303(a) of Regulation S-K under the

Exchange Act)), where the result, purpose or intended effect of such Contract is to avoid disclosure of any material transaction involving, or material liabilities of,

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Stanley or any of the Stanley Subsidiaries in Stanley's or such Stanley Subsidiary's published financial statements or other Stanley SEC Documents.

(h) Since January 4, 2009, none of Stanley, Stanley's independent accountants, the Stanley Board or the audit committee of the Stanley Board has received any oral or written notification of any (i) significant deficiency in the internal controls over financial reporting of Stanley, (ii) material weakness in the internal controls over financial reporting of Stanley or (iii) fraud, whether or not material, that involves management or other employees of Stanley who have a significant role in the internal controls over financial reporting of Stanley. For purposes of this Agreement, the terms significant deficiency and material weakness shall have the meanings assigned to them in Auditing Standard No. 5 of the Public Company Accounting Oversight Board, as in effect on the date of this Agreement.

(i) None of the Stanley Subsidiaries is, or has at any time since December 30, 2007 been, subject to the reporting requirements of Section 13(a) or 15(d) of the Exchange Act.

Section 3.07. Information Supplied. None of the information supplied or to be supplied by Stanley or Merger Sub for inclusion or incorporation by reference in (i) the Form S-4 will, at the time the Form S-4 is filed with the SEC, at any time it is amended or supplemented or at the time it is declared effective under the Securities Act, contain any untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary to make the statements therein not misleading or (ii) the Joint Proxy Statement will, at the date it is first mailed to each of Stanley's shareholders and Black & Decker's stockholders or at the time of each of the Stanley Shareholders Meeting and the Black & Decker Stockholders Meeting, contain any untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary in order to make the statements therein, in light of the circumstances under which they are made, not misleading. The Form S-4 will comply as to form in all material respects with the requirements of the Securities Act and the rules and regulations thereunder, except that no representation is made by Stanley or Merger Sub with respect to statements made or incorporated by reference therein based on information supplied by Black & Decker for inclusion or incorporation by reference therein. The Joint Proxy Statement will comply as to form in all material respects with the requirements of the Exchange Act and the rules and regulations thereunder, except that no representation is made by Stanley or Merger Sub with respect to statements made or incorporated by reference therein based on information supplied by Black & Decker for inclusion or incorporation by reference therein.

Section 3.08. Absence of Certain Changes or Events. From January 4, 2009 to the date of this Agreement, each of Stanley and the Stanley Subsidiaries has conducted its respective business in the ordinary course in all material respects, and during such period there has not occurred:

(a) any event or development that, individually or in the aggregate, has had or would reasonably be expected to have a Stanley Material Adverse Effect;

(b) any authorization, declaration, setting aside or payment of any dividend or other distribution (whether in cash, stock or property or any combination thereof) in respect of any capital stock or voting securities of, or other equity interests in, Stanley or the capital stock or voting securities of, or other equity interests in, any of the Stanley Subsidiaries (other than (i) regular quarterly cash dividends in an amount not exceeding \$0.33 per share of Stanley Common Stock and (ii) dividends or other distributions by a direct or indirect wholly owned Stanley Subsidiary to its shareholders or other equity holders) or any repurchase for value by Stanley of any capital stock or voting securities of, or other equity interests in, Stanley or the capital stock or voting securities of, or other equity interests in, any of the Stanley Subsidiaries;

(c) any split, reverse split, combination, subdivision or reclassification of any capital stock or voting securities of, or other equity interests in, Stanley, securities convertible into or exercisable or exchangeable for capital stock or voting securities of, or other equity interests in, Stanley or any issuance or the authorization of any issuance of any other securities in respect of, in lieu of or in substitution for shares of capital stock or voting securities of, or other equity interests in, Stanley;

(d) any incurrence of material Indebtedness for borrowed money or any guarantee of such Indebtedness for another Person (other than Stanley or a wholly owned Stanley Subsidiary), or any issue or sale of debt

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securities, warrants or other rights to acquire any debt security of Stanley or any Stanley Subsidiary other than Indebtedness incurred in the ordinary course of business;

(e) (i) any transfer, lease, license, sale, mortgage, pledge or other disposal or encumbrance of any of Stanley's or Stanley's Subsidiaries' property or assets outside of the ordinary course of business consistent with past practice with a fair market value in excess of (in the aggregate, for all such transactions) \$25,000,000 or (ii) any acquisitions of businesses, whether by merger, consolidation, purchase of property or assets or otherwise;

(f) except as required to comply with applicable Law or to comply with any Stanley Benefit Plan (including any award agreement thereunder) in effect as of January 4, 2009, any (i) establishing, adopting, entering into, terminating or amending, or taking of any action to accelerate the vesting or payment of, any compensation or benefits under, any material collective bargaining agreement or Stanley Benefit Plan (or any award thereunder); provided, that with respect to the amendment of a Stanley Benefit Plan that is an employee welfare benefit plan (as defined in Section 3(1) of ERISA), this clause (i) shall apply only to material amendments of such plan, (ii) increasing in any material respect the compensation or benefits of, or paying any discretionary bonus of any kind or amount whatsoever to, any current or former director, officer, employee or independent contractor of Stanley or any Stanley Subsidiary, except for increases in regular cash compensation in the ordinary course of business consistent with past practice for employees of Stanley or any Stanley Subsidiary who are not executive officers, (iii) paying of any benefit or amount not required under any Stanley Benefit Plan as in effect January 4, 2009, (iv) granting or paying of any change in control, retention, severance or termination compensation or benefits, (v) taking of any action to fund or in any other way secure the payment of compensation or benefits under any Stanley Benefit Plan, (vi) changing of any actuarial or other assumption used to calculate funding obligations with respect to any Stanley Pension Plan or (vii) changing the manner in which contributions to any Stanley Pension Plan are made or the basis on which such contributions are determined;

(g) any change in accounting methods, principles or practices by Stanley or any Stanley Subsidiary, except insofar as may have been required by a change in GAAP; or

(h) (i) any material election with respect to Taxes, (ii) any changes to any such election or existing election, or (iii) any settlement or compromise by Stanley or any Stanley Subsidiary of any material Tax liability or refund, other than, in each case, in the ordinary course of business.

Section 3.09. Taxes. (a) (i) Each of Stanley and each Stanley Subsidiary has timely filed, taking into account any extensions, all material Tax Returns required to have been filed and such Tax Returns are accurate and complete in all material respects; (ii) each of Stanley and each Stanley Subsidiary has paid all material Taxes required to have been paid by it other than Taxes that are not yet due or that are being contested in good faith in appropriate proceedings; and (iii) no deficiency for any Tax has been asserted or assessed by a taxing authority against Stanley or any Stanley Subsidiary which deficiency has not been paid or is not being contested in good faith in appropriate proceedings.

(b) No Tax Return of Stanley or any Stanley Subsidiary is under audit or examination by any taxing authority, and no written (or, to the Knowledge of Stanley, oral) notice of such an audit or examination has been received by Stanley or any Stanley Subsidiary. No deficiencies for any Taxes have been proposed, asserted or assessed against Stanley or any Stanley Subsidiary, and no requests for waivers of the time to assess any such Taxes are pending. No other procedure, proceeding or contest of any refund or deficiency in respect of Taxes is pending in or on appeal from any Governmental Entity.

(c) Each of Stanley and each Stanley Subsidiary has complied with all applicable Laws relating to the withholding and paying over of Taxes.

(d) Neither Stanley nor any Stanley Subsidiary is a party to or is otherwise bound by any material Tax sharing, allocation or indemnification agreement or arrangement (other than such an agreement or arrangement exclusively between or among Stanley and wholly owned Stanley Subsidiaries).

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(e) Within the past three years, neither Stanley nor any Stanley Subsidiary has been a distributing corporation or a controlled corporation in a distribution intended to qualify for tax-free treatment under Section 355 of the Code.

(f) Neither Stanley nor any Stanley Subsidiary has participated in or been a party to a transaction that, as of the date of this Agreement, constitutes a listed transaction for purposes of Section 6011 of the Code and applicable Treasury Regulations thereunder (or a similar provision of state law).

(g) Neither Stanley nor any Stanley Subsidiary has taken any action or knows of any fact that would reasonably be expected to prevent the Merger from qualifying for the Intended Tax Treatment.

(h) No disallowance of a deduction under Section 162(m) or 280G of the Code for any amount paid or payable by Stanley or any Stanley Subsidiary as employee compensation, whether under any contract, plan, program or arrangement, understanding or otherwise, individually or in the aggregate, has had or would reasonably be expected to have a Stanley Material Adverse Effect.

Section 3.10. *Benefits Matters: ERISA Compliance.* (a) Stanley has delivered or made available to Black & Decker true and complete copies of (i) all material Stanley Benefit Plans or, in the case of any unwritten material Stanley Benefit Plan, a description thereof, including any amendment thereto, (ii) the most recent annual report on Form 5500 or such similar report, statement or information return required to be filed with or delivered to any Governmental Entity, if any, in each case, with respect to each material Stanley Benefit Plan, (iii) each trust, insurance, annuity or other funding Contract relating to any material Stanley Benefit Plan and (iv) the most recent financial statements and actuarial or other valuation reports for each Stanley Benefit Plan (if any). For purposes of this Agreement, Stanley Benefit Plans means, collectively (A) all employee pension benefit plans (as defined in Section 3(2) of the Employee Retirement Income Security Act of 1974, as amended (ERISA)) (Stanley Pension Plans), employee welfare benefit plans (as defined in Section 3(1) of ERISA) and all other material bonus, pension, profit sharing, retirement, deferred compensation, incentive compensation, equity or equity-based compensation, severance, retention, termination, change in control, disability, vacation, death benefit, hospitalization, medical or other material compensation or benefit plans, arrangements, policies, programs or understandings providing compensation or benefits (other than foreign or domestic statutory programs), in each case, sponsored, maintained, contributed to or required to be maintained or contributed to by Stanley, any Stanley Subsidiary or any other person or entity that, together with Stanley is treated as a single employer under Section 414 of the Code (each, a Stanley Commonly Controlled Entity) for the benefit of any current or former directors, officers, employees, independent contractors or consultants of Stanley or any Stanley Subsidiary and (B) all material employment, consulting, bonus, incentive compensation, deferred compensation, equity or equity-based compensation, indemnification, severance, retention, change of control or termination agreements or arrangements (including collective bargaining agreements) between Stanley or any Stanley Subsidiary and any current or former directors, officers, employees, independent contractors or consultants of Stanley or any Stanley Subsidiary.

(b) All Stanley Pension Plans have been the subject of, have timely applied for or have not been eligible to apply for, as of the date of this Agreement, determination letters or opinion letters (as applicable) from the U.S. Internal Revenue Service (the IRS) or a non-U.S. Governmental Entity (as applicable) to the effect that such Stanley Pension Plans and the trusts created thereunder are qualified and exempt from Taxes under Sections 401(a) and 501(a) of the Code or other applicable Law, and no such determination letter or opinion letter has been revoked nor, to the Knowledge of Stanley, has revocation been threatened, nor has any such Stanley Pension Plan been amended since the date of its most recent determination letter or opinion letter (or application therefor) in any respect that would adversely affect its qualification.

(c) Except for matters that, individually or in the aggregate, have not had and would not reasonably be expected to have a Stanley Material Adverse Effect, (i) no Stanley Pension Plan, other than any Stanley Pension Plan that is a

multiemployer plan within the meaning of Section 4001(a)(3) of ERISA (a Stanley Multiemployer Pension Plan), had, as of the respective last annual valuation date for each such Stanley Pension Plan, an unfunded benefit liability (within the meaning of Section 4001(a)(18) of ERISA), based on actuarial assumptions that have been furnished to Black & Decker, (ii) none of the Stanley Pension Plans has failed to meet any minimum funding standards (as such term is defined in Section 302 of ERISA or

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Section 412 of the Code), whether or not waived, (iii) none of such Stanley Benefit Plans or related trusts is the subject of any proceeding or investigation by any Person, including any Governmental Entity, that could be reasonably expected to result in a termination of such Stanley Benefit Plan or trust or any other material liability to Stanley or any Stanley Subsidiary, (iv) there has not been any reportable event (as that term is defined in Section 4043 of ERISA and as to which the notice requirement under Section 4043 of ERISA has not been waived) with respect to any Stanley Benefit Plan during the last six years and (v) none of Stanley, any Stanley Subsidiary or any Stanley Commonly Controlled Entity has, or within the past six years had, contributed to, been required to contribute to, or has any liability (including withdrawal liability within the meaning of Title IV of ERISA) with respect to, any Stanley Multiemployer Pension Plan.

(d) With respect to each material Stanley Benefit Plan that is an employee welfare benefit plan, such Stanley Benefit Plan (including any Stanley Benefit Plan covering retirees or other former employees) may be amended to reduce benefits or limit the liability of Stanley or the Stanley Subsidiaries or terminated, in each case, without material liability to Stanley and the Stanley Subsidiaries on or at any time after the Effective Time.

(e) Except for matters that, individually or in the aggregate, have not had and would not reasonably be expected to have a Stanley Material Adverse Effect, no Stanley Benefit Plan provides health, medical or other welfare benefits after retirement or other termination of employment (other than for continuation coverage required under Section 4980(B)(f) of the Code or applicable Law).

(f) Except for matters that, individually or in the aggregate, have not had and would not reasonably be expected to have a Stanley Material Adverse Effect, (i) each Stanley Benefit Plan and its related trust, insurance contract or other funding vehicle has been administered in accordance with its terms and is in compliance with ERISA, the Code and all other Laws applicable to such Stanley Benefit Plan and (ii) Stanley and each of the Stanley Subsidiaries is in compliance with ERISA, the Code and all other Laws applicable to the Stanley Benefit Plans.

(g) Except for matters that, individually or in the aggregate, have not had and would not reasonably be expected to have a Stanley Material Adverse Effect, all contributions or other amounts payable by Stanley or any Stanley Subsidiary with respect to each Stanley Benefit Plan have been paid or accrued in accordance with the terms of such Stanley Benefit Plan, GAAP and Section 412 of the Code (or any comparable provision under applicable non-U.S. Laws). Except as fully accrued or reserved against on Stanley's financial statements in accordance with GAAP, there are no material unfunded liabilities, solvency deficiencies or wind-up liabilities, where applicable, with respect to any Stanley Benefit Plan.

(h) Except for matters that, individually or in the aggregate, have not had and would not reasonably be expected to have a Stanley Material Adverse Effect, there are no pending or, to the Knowledge of Stanley, threatened claims, suits or proceedings by or on behalf of any participant in any of the Stanley Benefit Plans, or otherwise involving any such Stanley Benefit Plan or the assets of any Stanley Benefit Plan, other than routine claims for benefits payable in the ordinary course.

(i) None of the execution and delivery of this Agreement, the obtaining of the Stanley Shareholder Approval or the Stanley Articles Amendment Approval or the consummation of the Merger or any other transaction contemplated by this Agreement (alone or in conjunction with any other event, including any termination of employment on or following the Effective Time) will (i) entitle any current or former director, officer, employee, independent contractor or consultant of Stanley or any of the Stanley Subsidiaries to any compensation or benefit, (ii) accelerate the time of payment or vesting, or trigger any payment or funding, of any compensation or benefits or trigger any other material obligation under any Stanley Benefit Plan or (iii) result in any breach or violation of, default under or limit Stanley's right to amend, modify or terminate any Stanley Benefit Plan. No director, officer, employee or independent contractor of Stanley or any Stanley Subsidiary is entitled to receive any gross-up or additional payment in respect of

any Taxes (including without limitation the Taxes required under Section 409A or Section 4999 of the Code) being imposed on such Person.

Section 3.11. Litigation. There is no suit, action or other proceeding pending or, to the Knowledge of Stanley, threatened against or affecting Stanley or any Stanley Subsidiary that, individually or in the aggregate,

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has had or would reasonably be expected to have a Stanley Material Adverse Effect, nor is there any Judgment outstanding against or, to the Knowledge of Stanley, any investigation by any Governmental Entity involving Stanley or any Stanley Subsidiary or any of their respective properties or assets that, individually or in the aggregate, has had or would reasonably be expected to have a Stanley Material Adverse Effect.

Section 3.12. Compliance with Applicable Laws. Except for matters that, individually or in the aggregate, have not had and would not reasonably be expected to have a Stanley Material Adverse Effect, Stanley and the Stanley Subsidiaries are in compliance with all applicable Laws and Stanley Permits, including all applicable rules, regulations, directives or policies of any Governmental Entity. To the Knowledge of Stanley, except for matters that, individually or in the aggregate, have not had and would not reasonably be expected to have a Stanley Material Adverse Effect, no material action, demand or investigation by or before any Governmental Entity is pending or threatened alleging that Stanley or a Stanley Subsidiary is not in compliance with any applicable Law or Stanley Permit or which challenges or questions the validity of any rights of the holder of any Stanley Permit. This section does not relate to Tax matters, employee benefits matters, environmental matters or Intellectual Property Rights matters.

Section 3.13. Environmental Matters. (a) Except for matters that, individually or in the aggregate, have not had and would not reasonably be expected to have a Stanley Material Adverse Effect:

(i) Stanley and the Stanley Subsidiaries are in compliance with all Environmental Laws, and neither Stanley nor any Stanley Subsidiary has received any written communication from a Governmental Entity that alleges that Stanley or any Stanley Subsidiary is in violation of, or has liability under, any Environmental Law or any Permit issued pursuant to Environmental Law;

(ii) Stanley and the Stanley Subsidiaries have obtained and are in compliance with all Permits issued pursuant to Environmental Law necessary for their respective operations as currently conducted, all such Permits are valid and in good standing and neither Stanley nor any Stanley Subsidiary has been advised in writing by any Governmental Entity of any actual or potential change in the status or terms and conditions of any such Permits;

(iii) there are no Environmental Claims pending or, to the Knowledge of Stanley, threatened, against Stanley or any of the Stanley Subsidiaries;

(iv) there have been no Releases of any Hazardous Material that could reasonably be expected to form the basis of any Environmental Claim against Stanley or any of the Stanley Subsidiaries or against any Person whose liabilities for such Environmental Claims Stanley or any of the Stanley Subsidiaries has, or may have, retained or assumed, either contractually or by operation of Law; and

(v) neither Stanley nor any of the Stanley Subsidiaries has retained or assumed, either contractually or by operation of Law, any Known liabilities or obligations that could reasonably be expected to form the basis of any Environmental Claim against Stanley or any of the Stanley Subsidiaries.

(b) As used herein:

(i) Environmental Claim means any administrative, regulatory or judicial actions, suits, orders, demands, directives, claims, liens, investigations, proceedings or written or oral notices of noncompliance or violation by or from any Person alleging liability of whatever kind or nature arising out of, based on or resulting from (A) the presence or Release of, or exposure to, any Hazardous Materials at any location; or (B) the failure to comply with any Environmental Law or any Permit issued pursuant to Environmental Law.

(ii) Environmental Laws means all applicable Federal, national, state, provincial or local Laws, Judgments, or Contracts issued, promulgated or entered into by or with any Governmental Entity, relating to pollution, natural resources or protection of endangered or threatened species, climate, human health or the environment (including ambient air, surface water, groundwater, land surface or subsurface strata).

(iii) Hazardous Materials means (A) any petroleum or petroleum products, explosive or radioactive materials or wastes, asbestos in any form, and polychlorinated biphenyls; and (B) any other

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chemical, material, substance or waste that is prohibited, limited or regulated under any Environmental Law.

(iv) Release means any actual or threatened release, spill, emission, leaking, dumping, injection, pouring, deposit, disposal, discharge, dispersal, leaching or migration into or through the environment (including ambient air, surface water, groundwater, land surface or subsurface strata) or within any building, structure, facility or fixture.

Section 3.14. Contracts. (a) As of the date of this Agreement, neither Stanley nor any Stanley Subsidiary is a party to any Contract required to be filed by Stanley pursuant to Item 601(b)(2), (b)(4), (b)(9) or (b)(10) of Regulation S-K under the Securities Act (a Filed Stanley Contract) that has not been so filed.

(b) Section 3.14 of the Stanley Disclosure Letter sets forth, as of the date of this Agreement, a true and complete list, and Stanley has made available to Black & Decker true and complete copies, of (i) each agreement, understanding or undertaking to which Stanley or any of the Stanley Subsidiaries is a party that restricts in any material respect the ability of Stanley or any of the Stanley Subsidiaries to compete in any business or with any Person in any geographical area, (ii) each loan and credit agreement, note, debenture, bond, indenture or other similar agreement pursuant to which any Indebtedness of Stanley or any of the Stanley Subsidiaries is outstanding or may be incurred, other than any such agreement between or among Stanley and the wholly owned Stanley Subsidiaries and (iii) each partnership, joint venture or similar agreement or understanding to which Stanley or any of the Stanley Subsidiaries is a party relating to the formation, creation, operation, management or control of any partnership or joint venture material to Stanley and the Stanley Subsidiaries, taken as a whole. Each agreement, understanding or undertaking of the type described in this Section 3.14(b) and each Filed Stanley Contract is referred to herein as a Stanley Material Contract .

(c) Except for matters which, individually or in the aggregate, have not had and would not reasonably be expected to have a Stanley Material Adverse Effect, (i) each Stanley Material Contract (including, for purposes of this Section 3.14(c), any Contract entered into after the date of this Agreement that would have been a Stanley Material Contract if such Contract existed on the date of this Agreement) is a valid, binding and legally enforceable obligation of Stanley or one of the Stanley Subsidiaries, as the case may be, and, to the Knowledge of Stanley, of the other parties thereto, except, in each case, as enforcement may be limited by bankruptcy, insolvency, reorganization or similar Laws affecting creditors' rights generally and by general principles of equity, (ii) each such Stanley Material Contract is in full force and effect and (iii) none of Stanley or any of the Stanley Subsidiaries is (with or without notice or lapse of time, or both) in breach or default under any such Stanley Material Contract and, to the Knowledge of Stanley, no other party to any such Stanley Material Contract is (with or without notice or lapse of time, or both) in breach or default thereunder.

Section 3.15. Properties. (a) Stanley and each Stanley Subsidiary has good and valid title to, or valid leasehold interests in, all their respective properties and assets, except in respects that, individually or in the aggregate, have not had and would not reasonably be expected to have a Stanley Material Adverse Effect. All such properties and assets, other than properties and assets in which Stanley or any of the Stanley Subsidiaries has leasehold interests, are free and clear of all Liens, except for Liens that, individually or in the aggregate, have not had and would not reasonably be expected to have a Stanley Material Adverse Effect. This Section 3.15 does not relate to Intellectual Property Rights matters, which are the subject of Section 3.16.

(b) Stanley and each of the Stanley Subsidiaries has complied with the terms of all leases to which it is a party, and all leases to which Stanley or any Stanley Subsidiary is a party and under which it is in possession are in full force and effect, except for such noncompliance or failure to be in full force and effect that, individually or in the aggregate, has not had and would not reasonably be expected to have a Stanley Material Adverse Effect. Stanley and each Stanley Subsidiary is in possession of the properties or assets purported to be leased under all its leases, except for such failures to have such possession as, individually or in the aggregate, have not had and would not reasonably be

expected to have a Stanley Material Adverse Effect.

Section 3.16. Intellectual Property. Stanley and the Stanley Subsidiaries own, or are validly licensed or otherwise have the right to use, all patents, patent applications, patent rights, trademarks, trademark rights,

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trade names, trade name rights, service marks, service mark rights, copyrights and other proprietary intellectual property rights and any such rights in computer programs (collectively, Intellectual Property Rights) as used in their business as presently conducted, except where the failure to have the right to use such Intellectual Property Rights, individually or in the aggregate, has not had and would not reasonably be expected to have a Stanley Material Adverse Effect. No actions, suits or other proceedings are pending or, to the Knowledge of Stanley, threatened that Stanley or any of the Stanley Subsidiaries is infringing, misappropriating or otherwise violating the rights of any Person with regard to any Intellectual Property Right, except for matters that, individually or in the aggregate, have not had and would not reasonably be expected to have a Stanley Material Adverse Effect. To the Knowledge of Stanley, no Person is infringing, misappropriating or otherwise violating the rights of Stanley or any of the Stanley Subsidiaries with respect to any Intellectual Property Right owned by Stanley or any of the Stanley Subsidiaries, except for such infringement, misappropriation or violation that, individually or in the aggregate, has not had and would not reasonably be expected to have, a Stanley Material Adverse Effect.

Section 3.17. Labor Matters. Section 3.17 of the Stanley Disclosure Letter sets forth a true and complete list of all material collective bargaining or other labor union Contracts applicable to any employees of Stanley or any of the Stanley Subsidiaries. Neither Stanley nor any of the Stanley Subsidiaries has breached or otherwise failed to comply with any provision of any collective bargaining agreement or other labor union Contract applicable to any employees of Stanley or any of the Stanley Subsidiaries, except for any breaches, failures to comply or disputes that, individually or in the aggregate, have not had and would not reasonably be expected to have a Stanley Material Adverse Effect. Except for matters that, individually or in the aggregate, have not had and would not reasonably be expected to have a Stanley Material Adverse Effect, (a) there is not any, and during the past three years there has not been any, labor strike, dispute, work stoppage or lockout pending, or, to the Knowledge of Stanley, threatened, against or affecting Stanley or any Stanley Subsidiary; (b) to the Knowledge of Stanley, no union organizational campaign is in progress with respect to the employees of Stanley or any Stanley Subsidiary and no question concerning representation of such employees exists; (c) neither Stanley nor any Stanley Subsidiary is engaged in any unfair labor practice; (d) there are not any unfair labor practice charges or complaints against Stanley or any Stanley Subsidiary pending, or, to the Knowledge of Stanley, threatened, before the National Labor Relations Board; (e) there are not any pending, or, to the Knowledge of Stanley, threatened, union grievances against Stanley or any Stanley Subsidiary that reasonably could be expected to result in an adverse determination; (f) Stanley and each Stanley Subsidiary is in compliance with all applicable Laws with respect to labor relations, employment and employment practices, occupational safety and health standards, terms and conditions of employment, payment of wages, classification of employees, immigration, visa, work status, pay equity and workers compensation; and (g) neither Stanley nor any Stanley Subsidiary has received written or oral communication during the past three years of the intent of any Governmental Entity responsible for the enforcement of labor or employment laws to conduct an investigation of or affecting Stanley or any Stanley Subsidiary and, to the Knowledge of Stanley, no such investigation is in progress.

Section 3.18. Brokers Fees and Expenses. No broker, investment banker, financial advisor or other Person, other than Deutsche Bank Securities Inc. and Goldman Sachs & Co. (the Stanley Financial Advisors), the fees and expenses of which will be paid by Stanley, is entitled to any broker s, finder s, financial advisor s or other similar fee or commission in connection with the Merger or any of the other transactions contemplated by this Agreement based upon arrangements made by or on behalf of Stanley. Stanley has furnished to Black & Decker true and complete copies of all agreements between or among Stanley and/or Merger Sub and the Stanley Financial Advisors relating to the Merger or any of the other transactions contemplated by this Agreement.

Section 3.19. Opinions of Financial Advisors. Stanley has received an opinion from each of the Stanley Financial Advisors, in each case dated the date of this Agreement, to the effect that, as of such date, the Exchange Ratio is fair to Stanley from a financial point of view.

Section 3.20. Merger Sub. Stanley is the sole stockholder of Merger Sub. Since its date of incorporation, Merger Sub has not carried on any business nor conducted any operations other than the execution of this Agreement, the performance of its obligations hereunder and matters ancillary thereto.

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Section 3.21. *No Other Representations or Warranties.* Except for the representations and warranties contained in this Article III, Black & Decker acknowledges that none of Stanley, the Stanley Subsidiaries or any other Person on behalf of Stanley makes any other express or implied representation or warranty in connection with the transactions contemplated by this Agreement.

ARTICLE IV

Representations and Warranties of Black & Decker

Black & Decker represents and warrants to Stanley and Merger Sub that the statements contained in this Article IV are true and correct except as set forth in the Black & Decker SEC Documents filed and publicly available prior to the date of this Agreement (the Filed Black & Decker SEC Documents) (excluding any disclosures in the Filed Black & Decker SEC Documents under the heading Risk Factors and any other disclosures of risks that are predictive or forward-looking in nature) or in the disclosure letter delivered by Black & Decker to Stanley at or before the execution and delivery by Black & Decker of this Agreement (the Black & Decker Disclosure Letter). The Black & Decker Disclosure Letter shall be arranged in numbered and lettered sections corresponding to the numbered and lettered sections contained in this Article IV, and the disclosure in any section shall be deemed to qualify other sections in this Article IV to the extent (and only to the extent) that it is reasonably apparent from the face of such disclosure that such disclosure also qualifies or applies to such other sections.

Section 4.01. *Organization, Standing and Power.* Each of Black & Decker and each of Black & Decker's Subsidiaries (the Black & Decker Subsidiaries) is duly organized, validly existing and in good standing under the laws of the jurisdiction in which it is organized (in the case of good standing, to the extent such jurisdiction recognizes such concept), except, in the case of the Black & Decker Subsidiaries, where the failure to be so organized, existing or in good standing, individually or in the aggregate, has not had and would not reasonably be expected to have a Black & Decker Material Adverse Effect. Each of Black & Decker and the Black & Decker Subsidiaries has all requisite power and authority and possesses all Permits necessary to enable it to own, lease or otherwise hold its properties and assets and to conduct its businesses as presently conducted (the Black & Decker Permits), except where the failure to have such power or authority or to possess Black & Decker Permits, individually or in the aggregate, has not had and would not reasonably be expected to have a Black & Decker Material Adverse Effect. Each of Black & Decker and the Black & Decker Subsidiaries is duly qualified or licensed to do business in each jurisdiction where the nature of its business or the ownership or leasing of its properties make such qualification necessary, other than in such jurisdictions where the failure to be so qualified or licensed, individually or in the aggregate, has not had and would not reasonably be expected to have a Black & Decker Material Adverse Effect. Black & Decker has delivered or made available to Stanley, prior to execution of this Agreement, true and complete copies of the charter of Black & Decker in effect as of the date of this Agreement (the Black & Decker Articles) and the bylaws of Black & Decker in effect as of the date of this Agreement (the Black & Decker Bylaws).

Section 4.02. *Black & Decker Subsidiaries.* (a) All the outstanding shares of capital stock or voting securities of, or other equity interests in, each Black & Decker Subsidiary have been validly issued and are fully paid and nonassessable and are (other than directors qualifying shares and shares held by natural persons pursuant to requirements of Law of non-U.S. jurisdictions) owned by Black & Decker, by another Black & Decker Subsidiary or by Black & Decker and another Black & Decker Subsidiary, free and clear of all Liens, and free of any other restriction (including any restriction on the right to vote, sell or otherwise dispose of such capital stock, voting securities or other equity interests), except for restrictions imposed by applicable securities Laws. Black & Decker has provided to Stanley a true and complete list of all Black & Decker Subsidiaries as of the date of this Agreement.

(b) Except for the capital stock and voting securities of, and other equity interests in, the Black & Decker Subsidiaries, neither Black & Decker nor any Black & Decker Subsidiary owns, directly or indirectly, any capital stock or voting

securities of, or other equity interests in, or any interest convertible into or exchangeable or exercisable for, any capital stock or voting securities of, or other equity interests in, any firm, corporation, partnership, company, limited liability company, trust, joint venture, association or other entity.

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Section 4.03. *Capital Structure.* (a) The authorized stock of Black & Decker consists of 150,000,000 shares of Black & Decker Common Stock and 5,000,000 shares of Preferred Stock, without par value (the Black & Decker Preferred Stock and, together with the Black & Decker Common Stock, the Black & Decker Capital Stock). At the close of business on October 28, 2009, (i) 60,233,702 shares of Black & Decker Common Stock were issued and outstanding, of which 671,408 were Black & Decker Restricted Shares, (ii) no shares of Black & Decker Preferred Stock were issued and outstanding, (iii) 8,308,247 shares of Black & Decker Common Stock were reserved and available for issuance pursuant to the Black & Decker Stock Plans, of which (A) 5,967,957 shares were issuable upon exercise of outstanding Black & Decker Stock Options, (B) no shares were subject to outstanding Black & Decker LSARs, (C) 627,425 shares were subject to outstanding Black & Decker Restricted Stock Units and (D) no shares were subject to outstanding Black & Decker Performance Share Units (assuming settlement of outstanding awards based on maximum achievement of applicable performance goals) (together with outstanding Black & Decker Restricted Shares, Black & Decker LSARs, Black & Decker Stock Options and Black & Decker Performance Share Units, Black & Decker Stock-Based Awards), and (iv) 136,984 shares of Black & Decker Common Stock were payable pursuant to the Black & Decker Deferred Compensation Plan for Non-Employee Directors (Black & Decker Directors Deferred Compensation Plan). Except as set forth in this Section 4.03(a), at the close of business on October 28, 2009, no shares of stock or voting securities of, or other equity interests in, Black & Decker were issued, reserved for issuance or outstanding. From the close of business on October 28, 2009 to the date of this Agreement, there have been no issuances by Black & Decker of shares of stock or voting securities of, or other equity interests in, Black & Decker, other than the issuance of Black & Decker Common Stock (A) upon the exercise of Black & Decker Stock Options outstanding at the close of business on October 28, 2009, (B) upon the vesting of Black & Decker Restricted Stock Units or Black & Decker Performance Share Units outstanding at the close of business on October 28, 2009 or (C) pursuant to the Black & Decker Directors Deferred Compensation Plan, in each case in accordance with their terms in effect on October 28, 2009.

(b) All outstanding shares of Black & Decker Capital Stock are, and, at the time of issuance, all such shares that may be issued upon the exercise of Black & Decker Stock Options or upon the vesting of Black & Decker Restricted Stock Units or Black & Decker Performance Share Units or pursuant to the Black & Decker Directors Deferred Compensation Plan will be, duly authorized, validly issued, fully paid and nonassessable and not subject to, or issued in violation of, any purchase option, call option, right of first refusal, preemptive right, subscription right or any similar right under any provision of the MGCL, the Black & Decker Articles, the Black & Decker Bylaws or any Contract to which Black & Decker is a party or otherwise bound. Except as set forth in this Section 4.03, as of the close of business on October 28, 2009, there are not issued, reserved for issuance or outstanding, and there are not any outstanding obligations of Black & Decker or any Black & Decker Subsidiary to issue, deliver or sell, or cause to be issued, delivered or sold, (i) any capital stock of Black & Decker or any Black & Decker Subsidiary or any securities of Black & Decker or any Black & Decker Subsidiary convertible into or exchangeable or exercisable for shares of capital stock or voting securities of, or other equity interests in, Black & Decker or any Black & Decker Subsidiary, (ii) any warrants, calls, options or other rights to acquire from Black & Decker or any Black & Decker Subsidiary, or any other obligation of Black & Decker or any Black & Decker Subsidiary to issue, deliver or sell, or cause to be issued, delivered or sold, any capital stock or voting securities of, or other equity interests in, Black & Decker or any Black & Decker Subsidiary or (iii) any rights issued by or other obligations of Black & Decker or any Black & Decker Subsidiary that are linked in any way to the price of any class of Black & Decker Capital Stock or any shares of capital stock of any Black & Decker Subsidiary, the value of Black & Decker, any Black & Decker Subsidiary or any part of Black & Decker or any Black & Decker Subsidiary or any dividends or other distributions declared or paid on any shares of capital stock of Black & Decker or any Black & Decker Subsidiary. Except as set forth above in this Section 4.03 or in connection with Black & Decker Stock-Based Awards, as of the close of business on October 28, 2009, there are not any outstanding obligations of Black & Decker or any of the Black & Decker Subsidiaries to repurchase, redeem or otherwise acquire any shares of capital stock or voting securities or other equity interests of Black & Decker or any Black & Decker Subsidiary or any securities, interests, warrants, calls, options or other rights referred to in clause (i), (ii) or (iii) of the immediately preceding sentence. With respect to Black & Decker Stock

Options,

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(A) each grant of a Black & Decker Stock Option was duly authorized no later than the Grant Date for such option by all necessary corporate action, including, as applicable, approval by the Board of Directors of Black & Decker (the Black & Decker Board) (or a duly constituted and authorized committee thereof), and the award agreement governing such grant was duly executed and delivered by each party thereto, and (B) the per share exercise price of each Black & Decker Stock Option was at least equal to the fair market value of a share of Black & Decker Common Stock on the applicable Grant Date. There are no debentures, bonds, notes or other Indebtedness of Black & Decker having the right to vote (or convertible into, or exchangeable for, securities having the right to vote) on any matters on which stockholders of Black & Decker may vote (Black & Decker Voting Debt). Neither Black & Decker nor any of the Black & Decker Subsidiaries is a party to any voting agreement with respect to the voting of any stock or voting securities of, or other equity interests in, Black & Decker. Except for this Agreement, neither Black & Decker nor any of the Black & Decker Subsidiaries is a party to any agreement pursuant to which any Person is entitled to elect, designate or nominate any director of Black & Decker or any of the Black & Decker Subsidiaries.

Section 4.04. *Authority; Execution and Delivery; Enforceability.* (a) Black & Decker has all requisite corporate power and authority to execute and deliver this Agreement, to perform its obligations hereunder and to consummate the Merger and the other transactions contemplated by this Agreement, subject, in the case of the Merger, to the receipt of the Black & Decker Stockholder Approval. The Black & Decker Board, by a vote at a meeting duly called at which a quorum of directors of Black & Decker was present, adopted resolutions (i) approving this Agreement, (ii) declaring advisable the Merger on substantially the terms and conditions set forth in this Agreement and determining that the Merger and the other transactions contemplated by this Agreement are in the best interests of Black & Decker and its stockholders, (iii) recommending that Black & Decker's stockholders approve the Merger and directing that the Merger be submitted to Black & Decker's stockholders for approval at a duly held meeting of such stockholders for such purpose (the Black & Decker Stockholders Meeting) and (iv) approving, effective as of the Effective Time, the amendment and restatement of the Black & Decker Articles, and such resolutions have not been amended or withdrawn as of the date of this Agreement. Except for the approval of the Merger by the affirmative vote of two-thirds of the votes entitled to be cast by holders of outstanding shares of Black & Decker Common Stock at the Black & Decker Stockholders Meeting (the Black & Decker Stockholder Approval), no other corporate proceedings on the part of Black & Decker are necessary to authorize or adopt this Agreement or to consummate the Merger and the other transactions contemplated by this Agreement (except for the filing of the appropriate merger documents as required by the MGCL). Black & Decker has duly executed and delivered this Agreement and, assuming the due authorization, execution and delivery by each of Stanley and Merger Sub, this Agreement constitutes its legal, valid and binding obligation, enforceable against it in accordance with its terms.

(b) The Black & Decker Board has adopted a resolution to exempt the Merger provided for by this Agreement from Title 3, Subtitle 6 of the MGCL. No other interested stockholder fair price , moratorium , control share acquisition or other similar antitakeover statute or similar statute or regulation (including Title 3, Subtitle 7 of the MGCL), or similar provision or term of the Black & Decker Articles or Black & Decker Bylaws, applies with respect to Black & Decker with respect to this Agreement, the Merger or any of the other transactions contemplated by this Agreement.

(c) Neither Black & Decker nor any Black & Decker Subsidiary has in effect a poison pill , stockholder rights plan or other similar plan or agreement.

Section 4.05. *No Conflicts; Consents.* (a) The execution and delivery by Black & Decker of this Agreement does not, and the performance by it of its obligations hereunder and the consummation of the Merger and the other transactions contemplated by this Agreement will not, (i) conflict with or result in any violation of any provision of the Black & Decker Articles, the Black & Decker Bylaws or the comparable charter, bylaws or other organizational documents of any Black & Decker Subsidiary (assuming that the Black & Decker Stockholder Approval is obtained), (ii) conflict with, result in any violation of or default (with or without notice or lapse of time, or both) under, give rise to a right of termination, cancellation or acceleration of, give rise to any obligation to make an offer to purchase or redeem any

Indebtedness or capital stock or any loss of a material benefit under, or result in the creation of any Lien upon any of the properties or assets of Black & Decker or any Black & Decker Subsidiary under, any legally binding Contract to which

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Black & Decker or any Black & Decker Subsidiary is a party or by which any of their respective properties or assets is bound or any Black & Decker Permit or (iii) subject to the filings and other matters referred to in Section 4.05(b), conflict with or result in any violation of any Judgment or Law, in each case, applicable to Black & Decker or any Black & Decker Subsidiary or their respective properties or assets (assuming that the Black & Decker Stockholder Approval is obtained), other than, in the case of clauses (ii) and (iii) above, any matters that, individually or in the aggregate, have not had and would not reasonably be expected to have a Black & Decker Material Adverse Effect and would not prevent or materially impede, interfere with, hinder or delay the consummation of the Merger.

(b) No Consent of or from, or registration, declaration, notice or filing made to or with any Governmental Entity is required to be obtained or made by or with respect to Black & Decker or any Black & Decker Subsidiary in connection with the execution and delivery of this Agreement or its performance of its obligations hereunder or the consummation of the Merger and the other transactions contemplated by this Agreement, other than (i) (A) the filing with the SEC of the Joint Proxy Statement in definitive form, (B) the filing with the SEC, and declaration of effectiveness under the Securities Act, of the Form S-4, and (C) the filing with the SEC of such reports under, and such other compliance with, the Exchange Act and the Securities Act, and the rules and regulations thereunder, as may be required in connection with this Agreement, the Merger and the other transactions contemplated by this Agreement, (ii) compliance with and filings under the HSR Act, and such other Consents, registrations, declarations, notices or filings as are required to be made or obtained under any foreign antitrust, competition, trade regulation or similar Laws, (iii) the filing of the Articles of Merger with, and acceptance for record by, the SDAT and appropriate documents with the relevant authorities of the other jurisdictions in which Stanley and Black & Decker are qualified to do business, (iv) such Consents, registrations, declarations, notices or filings as are required to be made or obtained under the securities or blue sky laws of various states in connection with the issuance of the Merger Consideration, (v) such Consents from, or registrations, declarations, notices or filings made to or with, any Governmental Entities (other than with respect to securities, antitrust, competition, trade regulation or similar Laws), in each case as may be required in connection with this Agreement, the Merger or the other transactions contemplated by this Agreement, (vi) such filings with and approvals of the NYSE as are required to permit the listing of the Merger Consideration and (vii) such other matters that, individually or in the aggregate, have not had and would not reasonably be expected to have a Black & Decker Material Adverse Effect and would not prevent or materially impede, interfere with, hinder or delay the consummation of the Merger.

Section 4.06. SEC Documents: Undisclosed Liabilities. (a) Black & Decker has furnished or filed all reports, schedules, forms, statements and other documents (including exhibits and other information incorporated therein) required to be furnished or filed by Black & Decker with the SEC since January 1, 2008 (such documents, together with any documents filed with or furnished to the SEC during such period by Black & Decker on a voluntary basis on a Current Report on Form 8-K, but excluding the Joint Proxy Statement and the Form S-4, being collectively referred to as the Black & Decker SEC Documents).

(b) Each Black & Decker SEC Document (i) at the time filed, complied in all material respects with the requirements of SOX and the Exchange Act or the Securities Act, as the case may be, and the rules and regulations of the SEC promulgated thereunder applicable to such Black & Decker SEC Document and (ii) did not at the time it was filed (or if amended or superseded by a filing or amendment prior to the date of this Agreement, then at the time of such filing or amendment) contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary in order to make the statements therein, in light of the circumstances under which they were made, not misleading. Each of the consolidated financial statements of Black & Decker included in the Black & Decker SEC Documents complied at the time it was filed as to form in all material respects with applicable accounting requirements and the published rules and regulations of the SEC with respect thereto, was prepared in accordance with GAAP (except, in the case of unaudited statements, as permitted by Form 10-Q of the SEC) applied on a consistent basis during the periods involved (except as may be indicated in the notes thereto) and fairly presented in all material respects the consolidated financial position of Black & Decker and its consolidated Subsidiaries as of the dates thereof

and

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the consolidated results of their operations and cash flows for the periods shown (subject, in the case of unaudited statements, to normal year-end audit adjustments).

(c) Neither Black & Decker nor any Black & Decker Subsidiary has any liabilities or obligations of any nature (whether accrued, absolute, contingent or otherwise) that, individually or in the aggregate, have had or would reasonably be expected to have a Black & Decker Material Adverse Effect.

(d) Each of the chief executive officer of Black & Decker and the chief financial officer of Black & Decker (or each former chief executive officer of Black & Decker and each former chief financial officer of Black & Decker, as applicable) has made all applicable certifications required by Rule 13a-14 or 15d-14 under the Exchange Act and Sections 302 and 906 of SOX with respect to the Black & Decker SEC Documents, and the statements contained in such certifications are true and accurate. None of Black & Decker or any of the Black & Decker Subsidiaries has outstanding, or has arranged any outstanding, extensions of credit to directors or executive officers within the meaning of Section 402 of SOX.

(e) Black & Decker maintains a system of internal control over financial reporting (as defined in Rules 13a-15(f) and 15d-15(f) of the Exchange Act) sufficient to provide reasonable assurance (i) that transactions are recorded as necessary to permit preparation of financial statements in conformity with GAAP, consistently applied, (ii) that transactions are executed only in accordance with the authorization of management and (iii) regarding prevention or timely detection of the unauthorized acquisition, use or disposition of Black & Decker's properties or assets.

(f) The disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) of the Exchange Act) utilized by Black & Decker are reasonably designed to ensure that all information (both financial and non-financial) required to be disclosed by Black & Decker in the reports that it files or submits under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the rules and forms of the SEC and that all such information required to be disclosed is accumulated and communicated to the management of Black & Decker, as appropriate, to allow timely decisions regarding required disclosure and to enable the chief executive officer and chief financial officer of Black & Decker to make the certifications required under the Exchange Act with respect to such reports.

(g) Neither Black & Decker nor any of the Black & Decker Subsidiaries is a party to, or has any commitment to become a party to, any joint venture, off-balance sheet partnership or any similar Contract (including any Contract or arrangement relating to any transaction or relationship between or among Black & Decker and any of the Black & Decker Subsidiaries, on the one hand, and any unconsolidated Affiliate, including any structured finance, special purpose or limited purpose entity or Person, on the other hand, or any off-balance sheet arrangements (as defined in Item 303(a) of Regulation S-K under the Exchange Act)), where the result, purpose or intended effect of such Contract is to avoid disclosure of any material transaction involving, or material liabilities of, Black & Decker or any of the Black & Decker Subsidiaries in Black & Decker's or such Black & Decker Subsidiary's published financial statements or other Black & Decker SEC Documents.

(h) Since January 1, 2009, none of Black & Decker, Black & Decker's independent accountants, the Black & Decker Board or the audit committee of the Black & Decker Board has received any oral or written notification of any (i) significant deficiency in the internal controls over financial reporting of Black & Decker, (ii) material weakness in the internal controls over financial reporting of Black & Decker or (iii) fraud, whether or not material, that involves management or other employees of Black & Decker who have a significant role in the internal controls over financial reporting of Black & Decker.

(i) None of the Black & Decker Subsidiaries is, or has at any time since January 1, 2008 been, subject to the reporting requirements of Section 13(a) or 15(d) of the Exchange Act.

Section 4.07. *Information Supplied.* None of the information supplied or to be supplied by Black & Decker for inclusion or incorporation by reference in (i) the Form S-4 will, at the time the Form S-4 is filed with the SEC, at any time it is amended or supplemented or at the time it is declared effective under the Securities Act, contain any untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary to make the statements therein not misleading or (ii) the Joint Proxy Statement

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will, at the date it is first mailed to each of Stanley's shareholders and Black & Decker's stockholders or at the time of each of the Stanley Shareholders Meeting and the Black & Decker Stockholders Meeting, contain any untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary in order to make the statements therein, in light of the circumstances under which they are made, not misleading. The Joint Proxy Statement will comply as to form in all material respects with the requirements of the Exchange Act and the rules and regulations thereunder, except that no representation is made by Black & Decker with respect to statements made or incorporated by reference therein based on information supplied by Stanley or Merger Sub for inclusion or incorporation by reference therein.

Section 4.08. Absence of Certain Changes or Events. From January 1, 2009 to the date of this Agreement, each of Black & Decker and the Black & Decker Subsidiaries has conducted its respective business in the ordinary course in all material respects, and during such period there has not occurred:

(a) any event or development that, individually or in the aggregate, has had or would reasonably be expected to have a Black & Decker Material Adverse Effect;

(b) any authorization, declaration, setting aside or payment of any dividend or other distribution (whether in cash, stock or property or any combination thereof) in respect of any stock or voting securities of, or other equity interests in, Black & Decker or the capital stock or voting securities of, or other equity interests in, any of the Black & Decker Subsidiaries (other than (i) regular quarterly cash dividends in an amount not exceeding \$0.42 per share of Black & Decker Common Stock in the first calendar quarter of 2009 and \$0.12 per share of Black & Decker Common Stock in any calendar quarter thereafter and (ii) dividends or other distributions by a direct or indirect wholly owned Black & Decker Subsidiary to its shareholders or other equity holders) or any repurchase for value by Black & Decker of any stock or voting securities of, or other equity interests in, Black & Decker or the capital stock or voting securities of, or other equity interests in, any of the Black & Decker Subsidiaries;

(c) any split, reverse split, combination, subdivision or reclassification of any capital stock or voting securities of, or other equity interests in, Black & Decker, securities convertible into or exercisable or exchangeable for stock or voting securities of, or other equity interests in, Black & Decker or any issuance or the authorization of any issuance of any other securities in respect of, in lieu of or in substitution for shares of stock or voting securities of, or other equity interests in, Black & Decker;

(d) any incurrence of material Indebtedness for borrowed money or any guarantee of such Indebtedness for another Person (other than Black & Decker or a wholly owned Black & Decker Subsidiary), or any issue or sale of debt securities, warrants or other rights to acquire any debt security of Black & Decker or any Black & Decker Subsidiary other than Indebtedness incurred in the ordinary course of business;

(e) (i) any transfer, lease, license, sale, mortgage, pledge or other disposal or encumbrance of any of Black & Decker's or Black & Decker's Subsidiaries' property or assets outside of the ordinary course of business consistent with past practice with a fair market value in excess of (in the aggregate, for all such transactions) \$25,000,000 or (ii) any acquisitions of businesses, whether by merger, consolidation, purchase of property or assets or otherwise;

(f) except as required to comply with applicable Law or to comply with any Black & Decker Benefit Plan (including any award agreement thereunder) in effect as of January 1, 2009, any (i) establishing, adopting, entering into, terminating or amending, or taking of any action to accelerate the vesting or payment of, any compensation or benefits under, any material collective bargaining agreement or Black & Decker Benefit Plan (or any award thereunder); provided, that with respect to the amendment of a Black & Decker Benefit Plan that is an employee welfare benefit plan (as defined in Section 3(1) of ERISA), this clause (i) shall apply only to material amendments of such plan, (ii) increasing in any material respect the compensation or benefits of, or paying any discretionary bonus of any kind

or amount whatsoever to, any current or former director, officer, employee or independent contractor of Black & Decker or any Black & Decker Subsidiary, except for increases in regular cash compensation in the ordinary course of business consistent with past practice for employees of Black & Decker or any Black & Decker Subsidiary who are not executive officers, (iii) paying of any benefit or amount not required under any Black & Decker Benefit Plan as in effect

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January 1, 2009, (iv) granting or paying of any change in control, retention, severance or termination compensation or benefits, (v) taking of any action to fund or in any other way secure the payment of compensation or benefits under any Black & Decker Benefit Plan, (vi) changing of any actuarial or other assumption used to calculate funding obligations with respect to any Black & Decker Pension Plan or (vii) changing the manner in which contributions to any Black & Decker Pension Plan are made or the basis on which such contributions are determined;

(g) any change in accounting methods, principles or practices by Black & Decker or any Black & Decker Subsidiary, except insofar as may have been required by a change in GAAP; or

(h) (i) any material election with respect to Taxes, (ii) any changes to any such election or existing election, or (iii) any settlement or compromise by Black & Decker or any Black & Decker Subsidiary of any material Tax liability or refund, other than, in each case, in the ordinary course of business.

Section 4.09. Taxes. (a) (i) Each of Black & Decker and each Black & Decker Subsidiary has timely filed, taking into account any extensions, all material Tax Returns required to have been filed and such Tax Returns are accurate and complete in all material respects; (ii) each of Black & Decker and each Black & Decker Subsidiary has paid all material Taxes required to have been paid by it other than Taxes that are not yet due or that are being contested in good faith in appropriate proceedings; and (iii) no deficiency for any Tax has been asserted or assessed by a taxing authority against Black & Decker or any Black & Decker Subsidiary which deficiency has not been paid or is not being contested in good faith in appropriate proceedings.

(b) No Tax Return of Black & Decker or any Black & Decker Subsidiary is under audit or examination by any taxing authority, and no written (or, to the Knowledge of Black & Decker, oral) notice of such an audit or examination has been received by Black & Decker or any Black & Decker Subsidiary. No deficiencies for any Taxes have been proposed, asserted or assessed against Black & Decker or any Black & Decker Subsidiary, and no requests for waivers of the time to assess any such Taxes are pending. No other procedure, proceeding or contest of any refund or deficiency in respect of Taxes is pending in or on appeal from any Governmental Entity.

(c) Each of Black & Decker and each Black & Decker Subsidiary has complied with all applicable Laws relating to the withholding and paying over of Taxes.

(d) Neither Black & Decker nor any Black & Decker Subsidiary is a party to or is otherwise bound by any material Tax sharing, allocation or indemnification agreement or arrangement (other than such an agreement or arrangement exclusively between or among Black & Decker and wholly owned Black & Decker Subsidiaries).

(e) Within the past three years, neither Black & Decker nor any Black & Decker Subsidiary has been a distributing corporation or a controlled corporation in a distribution intended to qualify for tax-free treatment under Section 355 of the Code.

(f) Neither Black & Decker nor any Black & Decker Subsidiary has participated in or been a party to a transaction that, as of the date of this Agreement, constitutes a listed transaction for purposes of Section 6011 of the Code and applicable Treasury Regulations thereunder (or a similar provision of state law).

(g) Neither Black & Decker nor any Black & Decker Subsidiary has taken any action or knows of any fact that would reasonably be expected to prevent the Merger from qualifying for the Intended Tax Treatment.

(h) No disallowance of a deduction under Section 162(m) or 280G of the Code for any amount paid or payable by Black & Decker or any Black & Decker Subsidiary as employee compensation, whether under any contract, plan, program or arrangement, understanding or otherwise, individually or in the aggregate, has had or would reasonably be

expected to have a Black & Decker Material Adverse Effect.

Section 4.10. Benefits Matters: ERISA Compliance. (a) Black & Decker has delivered or made available to Stanley true and complete copies of (i) all material Black & Decker Benefit Plans or, in the case of any unwritten material Black & Decker Benefit Plan, a description thereof, including any amendment

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thereto, (ii) the most recent annual report on Form 5500 or such similar report, statement or information return required to be filed with or delivered to any Governmental Entity, if any, in each case, with respect to each material Black & Decker Benefit Plan, (iii) each trust, insurance, annuity or other funding Contract relating to any material Black & Decker Benefit Plan and (iv) the most recent financial statements and actuarial or other valuation reports for each Black & Decker Benefit Plan (if any). For purposes of this Agreement, Black & Decker Benefit Plans means, collectively (A) all employee pension benefit plans (as defined in Section 3(2) of ERISA) (Black & Decker Pension Plans), employee welfare benefit plans (as defined in Section 3(1) of ERISA) and all other material bonus, pension, profit sharing, retirement, deferred compensation, incentive compensation, equity or equity-based compensation, severance, retention, termination, change in control, disability, vacation, death benefit, hospitalization, medical or other material compensation or benefit plans, arrangements, policies, programs or understandings providing compensation or benefits (other than foreign or domestic statutory programs), in each case, sponsored, maintained, contributed to or required to be maintained or contributed to by Black & Decker, any Black & Decker Subsidiary or any other person or entity that, together with Black & Decker is treated as a single employer under Section 414 of the Code (each, a Black & Decker Commonly Controlled Entity) for the benefit of any current or former directors, officers, employees, independent contractors or consultants of Black & Decker or any Black & Decker Subsidiary and (B) all material employment, consulting, bonus, incentive compensation, deferred compensation, equity or equity-based compensation, indemnification, severance, retention, change of control or termination agreements or arrangements (including collective bargaining agreements) between Black & Decker or any Black & Decker Subsidiary and any current or former directors, officers, employees, independent contractors or consultants of Black & Decker or any Black & Decker Subsidiary.

(b) All Black & Decker Pension Plans have been the subject of, have timely applied for or have not been eligible to apply for, as of the date of this Agreement, determination letters or opinion letters (as applicable) from the IRS or a non-U.S. Governmental Entity (as applicable) to the effect that such Black & Decker Pension Plans and the trusts created thereunder are qualified and exempt from Taxes under Sections 401(a) and 501(a) of the Code or other applicable Law, and no such determination letter or opinion letter has been revoked nor, to the Knowledge of Black & Decker, has revocation been threatened, nor has any such Black & Decker Pension Plan been amended since the date of its most recent determination letter or opinion letter (or application therefor) in any respect that would adversely affect its qualification.

(c) Except for matters that, individually or in the aggregate, have not had and would not reasonably be expected to have a Black & Decker Material Adverse Effect, (i) no Black & Decker Pension Plan, other than any Black & Decker Pension Plan that is a multiemployer plan within the meaning of Section 4001(a)(3) of ERISA (a Black & Decker Multiemployer Pension Plan), had, as of the respective last annual valuation date for each such Black & Decker Pension Plan, an unfunded benefit liability (within the meaning of Section 4001(a)(18) of ERISA), based on actuarial assumptions that have been furnished to Stanley, (ii) none of the Black & Decker Pension Plans has failed to meet any minimum funding standards (as such term is defined in Section 302 of ERISA or Section 412 of the Code), whether or not waived, (iii) none of such Black & Decker Benefit Plans or related trusts is the subject of any proceeding or investigation by any Person, including any Governmental Entity, that could be reasonably expected to result in a termination of such Black & Decker Benefit Plan or trust or any other material liability to Black & Decker or any Black & Decker Subsidiary, (iv) there has not been any reportable event (as that term is defined in Section 4043 of ERISA and as to which the notice requirement under Section 4043 of ERISA has not been waived) with respect to any Black & Decker Benefit Plan during the last six years and (v) none of Black & Decker, any Black & Decker Subsidiary or any Black & Decker Commonly Controlled Entity has, or within the past six years had, contributed to, been required to contribute to, or has any liability (including withdrawal liability within the meaning of Title IV of ERISA) with respect to, any Black & Decker Multiemployer Pension Plan.

(d) With respect to each material Black & Decker Benefit Plan that is an employee welfare benefit plan, such Black & Decker Benefit Plan (including any Black & Decker Benefit Plan covering retirees or other former employees) may be

amended to reduce benefits or limit the liability of Black & Decker or the Black & Decker Subsidiaries or terminated, in each case, without material liability to Black & Decker and the Black & Decker Subsidiaries on or at any time after the Effective Time.

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(e) Except for matters that, individually or in the aggregate, have not had and would not reasonably be expected to have a Black & Decker Material Adverse Effect, no Black & Decker Benefit Plan provides health, medical or other welfare benefits after retirement or other termination of employment (other than for continuation coverage required under Section 4980(B)(f) of the Code or applicable Law).

(f) Except for matters that, individually or in the aggregate, have not had and would not reasonably be expected to have a Black & Decker Material Adverse Effect, (i) each Black & Decker Benefit Plan and its related trust, insurance contract or other funding vehicle has been administered in accordance with its terms and is in compliance with ERISA, the Code and all other Laws applicable to such Black & Decker Benefit Plan and (ii) Black & Decker and each of the Black & Decker Subsidiaries is in compliance with ERISA, the Code and all other Laws applicable to the Black & Decker Benefit Plans.

(g) Except for matters that, individually or in the aggregate, have not had and would not reasonably be expected to have a Black & Decker Material Adverse Effect, all contributions or other amounts payable by Black & Decker or any Black & Decker Subsidiary with respect to each Black & Decker Benefit Plan have been paid or accrued in accordance with the terms of such Black & Decker Benefit Plan, GAAP and Section 412 of the Code (or any comparable provision under applicable non-U.S. Laws). Except as fully accrued or reserved against on Black & Decker's financial statements in accordance with GAAP, there are no material unfunded liabilities, solvency deficiencies or wind-up liabilities, where applicable, with respect to any Black & Decker Benefit Plan.

(h) Except for matters that, individually or in the aggregate, have not had and would not reasonably be expected to have a Black & Decker Material Adverse Effect, there are no pending or, to the Knowledge of Black & Decker, threatened claims, suits or proceedings by or on behalf of any participant in any of the Black & Decker Benefit Plans, or otherwise involving any such Black & Decker Benefit Plan or the assets of any Black & Decker Benefit Plan, other than routine claims for benefits payable in the ordinary course.

(i) None of the execution and delivery of this Agreement, the obtaining of the Black & Decker Stockholder Approval or the consummation of the Merger or any other transaction contemplated by this Agreement (alone or in conjunction with any other event, including any termination of employment on or following the Effective Time) will (i) entitle any current or former director, officer, employee, independent contractor or consultant of Black & Decker or any of the Black & Decker Subsidiaries to any compensation or benefit, (ii) accelerate the time of payment or vesting, or trigger any payment or funding, of any compensation or benefits or trigger any other material obligation under any Black & Decker Benefit Plan or (iii) result in any breach or violation of, default under or limit Black & Decker's right to amend, modify or terminate any Black & Decker Benefit Plan.

(j) Other than the Specified Parachute Payments, no amount or other entitlement that could be received as a result of the transactions contemplated hereby (alone or in conjunction with any other event) by any individual listed in Section 4.10(j) of the Black & Decker Disclosure Letter will constitute an excess parachute payment (as defined in Section 280G(b)(1) of the Code). Section 4.10(j) of the Black & Decker Disclosure Letter sets forth, with respect to each such individual, (i) such Person's name, title and base amount (as defined in Section 280G(b)(3) of the Code) and (ii) a calculation of the aggregate present value of the parachute payments (as defined in Section 280G(b)(2) of the Code) such Person could receive (collectively, the Specified Parachute Payments). No director, officer, employee or independent contractor of Black & Decker or any Black & Decker Subsidiary is entitled to receive any gross-up or additional payment in respect of any Taxes (including, without limitation, the Taxes required under Section 409A or Section 4999 of the Code) being imposed on such Person.

Section 4.11. Litigation. There is no suit, action or other proceeding pending or, to the Knowledge of Black & Decker, threatened against or affecting Black & Decker or any Black & Decker Subsidiary that, individually or in the aggregate, has had or would reasonably be expected to have a Black & Decker Material Adverse Effect, nor is there

any Judgment outstanding against or, to the Knowledge of Black & Decker, any investigation by any Governmental Entity involving Black & Decker or any Black & Decker Subsidiary or any of their respective properties or assets that, individually or in the aggregate, has had or would reasonably be expected to have a Black & Decker Material Adverse Effect.

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Section 4.12. *Compliance with Applicable Laws.* Except for matters that, individually or in the aggregate, have not had and would not reasonably be expected to have a Black & Decker Material Adverse Effect, Black & Decker and the Black & Decker Subsidiaries are in compliance with all applicable Laws and Black & Decker Permits, including all applicable rules, regulations, directives or policies of any Governmental Entity. To the Knowledge of Black & Decker, except for matters that, individually or in the aggregate, have not had and would not reasonably be expected to have a Black & Decker Material Adverse Effect, no material action, demand or investigation by or before any Governmental Entity is pending or threatened alleging that Black & Decker or a Black & Decker Subsidiary is not in compliance with any applicable Law or Black & Decker Permit or which challenges or questions the validity of any rights of the holder of any Black & Decker Permit. This section does not relate to Tax matters, employee benefits matters, environmental matters or Intellectual Property Rights matters.

Section 4.13. *Environmental Matters.* (a) Except for matters that, individually or in the aggregate, have not had and would not reasonably be expected to have a Black & Decker Material Adverse Effect:

(i) Black & Decker and the Black & Decker Subsidiaries are in compliance with all Environmental Laws, and neither Black & Decker nor any Black & Decker Subsidiary has received any written communication from a Governmental Entity that alleges that Black & Decker or any Black & Decker Subsidiary is in violation of, or has liability under, any Environmental Law or any Permit issued pursuant to Environmental Law;

(ii) Black & Decker and the Black & Decker Subsidiaries have obtained and are in compliance with all Permits issued pursuant to Environmental Law necessary for their respective operations as currently conducted, all such Permits are valid and in good standing and neither Black & Decker nor any Black & Decker Subsidiary has been advised in writing by any Governmental Entity of any actual or potential change in the status or terms and conditions of any such Permits;

(iii) there are no Environmental Claims pending or, to the Knowledge of Black & Decker, threatened against Black & Decker or any of the Black & Decker Subsidiaries;

(iv) there have been no Releases of any Hazardous Material that could reasonably be expected to form the basis of any Environmental Claim against Black & Decker or any of the Black & Decker Subsidiaries or against any Person whose liabilities for such Environmental Claims Black & Decker or any of the Black & Decker Subsidiaries has, or may have, retained or assumed, either contractually or by operation of Law; and

(v) neither Black & Decker nor any of the Black & Decker Subsidiaries has retained or assumed, either contractually or by operation of Law, any Known liabilities or obligations that could reasonably be expected to form the basis of any Environmental Claim against Black & Decker or any of the Black & Decker Subsidiaries.

Section 4.14. *Contracts.* (a) As of the date of this Agreement, neither Black & Decker nor any Black & Decker Subsidiary is a party to any Contract required to be filed by Black & Decker pursuant to Item 601(b)(2), (b)(4), (b)(9) or (b)(10) of Regulation S-K under the Securities Act (a Filed Black & Decker Contract) that has not been so filed.

(b) Section 4.14 of the Black & Decker Disclosure Letter sets forth, as of the date of this Agreement, a true and complete list, and Black & Decker has made available to Stanley true and complete copies, of (i) each agreement, understanding or undertaking to which Black & Decker or any of the Black & Decker Subsidiaries is a party that restricts in any material respect the ability of Black & Decker or any of the Black & Decker Subsidiaries to compete in any business or with any Person in any geographical area, (ii) each loan and credit agreement, note, debenture, bond, indenture or other similar agreement pursuant to which any Indebtedness of Black & Decker or any of the Black & Decker Subsidiaries is outstanding or may be incurred, other than any such agreement between or among Black & Decker and the wholly owned Black & Decker Subsidiaries and (iii) each partnership, joint venture or similar

agreement or understanding to which Black & Decker or any of the Black & Decker Subsidiaries is a party relating to the formation, creation, operation, management or control of any partnership or joint venture material to Black & Decker and

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the Black & Decker Subsidiaries, taken as a whole. Each agreement, understanding or undertaking of the type described in this Section 4.14(b) and each Filed Black & Decker Contract is referred to herein as a Black & Decker Material Contract .

(c) Except for matters which, individually or in the aggregate, have not had and would not reasonably be expected to have a Black & Decker Material Adverse Effect, (i) each Black & Decker Material Contract (including, for purposes of this Section 4.14(c), any Contract entered into after the date of this Agreement that would have been a Black & Decker Material Contract if such Contract existed on the date of this Agreement) is a valid, binding and legally enforceable obligation of Black & Decker or one of the Black & Decker Subsidiaries, as the case may be, and, to the Knowledge of Black & Decker, of the other parties thereto, except, in each case, as enforcement may be limited by bankruptcy, insolvency, reorganization or similar Laws affecting creditors' rights generally and by general principles of equity, (ii) each such Black & Decker Material Contract is in full force and effect and (iii) none of Black & Decker or any of the Black & Decker Subsidiaries is (with or without notice or lapse of time, or both) in breach or default under any such Black & Decker Material Contract and, to the Knowledge of Black & Decker, no other party to any such Black & Decker Material Contract is (with or without notice or lapse of time, or both) in breach or default thereunder.

Section 4.15. Properties. (a) Black & Decker and each Black & Decker Subsidiary has good and valid title to, or valid leasehold interests in, all their respective properties and assets, except in respects that, individually or in the aggregate, have not had and would not reasonably be expected to have a Black & Decker Material Adverse Effect. All such properties and assets, other than properties and assets in which Black & Decker or any of the Black & Decker Subsidiaries has leasehold interests, are free and clear of all Liens, except for Liens that, individually or in the aggregate, have not had and would not reasonably be expected to have a Black & Decker Material Adverse Effect. This Section 4.15 does not relate to Intellectual Property Rights matters, which are the subject of Section 4.16.

(b) Black & Decker and each of the Black & Decker Subsidiaries has complied with the terms of all leases to which it is a party, and all leases to which Black & Decker or any Black & Decker Subsidiary is a party and under which it is in possession are in full force and effect, except for such noncompliance or failure to be in full force and effect that, individually or in the aggregate, has not had and would not reasonably be expected to have a Black & Decker Material Adverse Effect. Black & Decker and each Black & Decker Subsidiary is in possession of the properties or assets purported to be leased under all its leases, except for such failures to have such possession as, individually or in the aggregate, have not had and would not reasonably be expected to have a Black & Decker Material Adverse Effect.

Section 4.16. Intellectual Property. Black & Decker and the Black & Decker Subsidiaries own, or are validly licensed or otherwise have the right to use, all Intellectual Property Rights as used in their business as presently conducted, except where the failure to have the right to use such Intellectual Property Rights, individually or in the aggregate, has not had and would not reasonably be expected to have a Black & Decker Material Adverse Effect. No actions, suits or other proceedings are pending or, to the Knowledge of Black & Decker, threatened that Black & Decker or any of the Black & Decker Subsidiaries is infringing, misappropriating or otherwise violating the rights of any Person with regard to any Intellectual Property Right, except for matters that, individually or in the aggregate, have not had and would not reasonably be expected to have a Black & Decker Material Adverse Effect. To the Knowledge of Black & Decker, no Person is infringing, misappropriating or otherwise violating the rights of Black & Decker or any of the Black & Decker Subsidiaries with respect to any Intellectual Property Right owned by Black & Decker or any of the Black & Decker Subsidiaries, except for such infringement, misappropriation or violation that, individually or in the aggregate, has not had and would not reasonably be expected to have, a Black & Decker Material Adverse Effect.

Section 4.17. Labor Matters. Section 4.17 of the Black & Decker Disclosure Letter sets forth a true and complete list of all material collective bargaining or other labor union Contracts applicable to any employees of Black & Decker or

any of the Black & Decker Subsidiaries. Neither Black & Decker nor any of the Black & Decker Subsidiaries has breached or otherwise failed to comply with any provision of any collective bargaining agreement or other labor union Contract applicable to any employees of Black & Decker

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or any of the Black & Decker Subsidiaries, except for any breaches, failures to comply or disputes that, individually or in the aggregate, have not had and would not reasonably be expected to have a Black & Decker Material Adverse Effect. Except for matters that, individually or in the aggregate, have not had and would not reasonably be expected to have a Black & Decker Material Adverse Effect, (a) there is not any, and during the past three years there has not been any, labor strike, dispute, work stoppage or lockout pending, or, to the Knowledge of Black & Decker, threatened, against or affecting Black & Decker or any Black & Decker Subsidiary; (b) to the Knowledge of Black & Decker, no union organizational campaign is in progress with respect to the employees of Black & Decker or any Black & Decker Subsidiary and no question concerning representation of such employees exists; (c) neither Black & Decker nor any Black & Decker Subsidiary is engaged in any unfair labor practice; (d) there are not any unfair labor practice charges or complaints against Black & Decker or any Black & Decker Subsidiary pending, or, to the Knowledge of Black & Decker, threatened, before the National Labor Relations Board; (e) there are not any pending, or, to the Knowledge of Black & Decker, threatened, union grievances against Black & Decker or any Black & Decker Subsidiary that reasonably could be expected to result in an adverse determination; (f) Black & Decker and each Black & Decker Subsidiary is in compliance with all applicable Laws with respect to labor relations, employment and employment practices, occupational safety and health standards, terms and conditions of employment, payment of wages, classification of employees, immigration, visa, work status, pay equity and workers' compensation; and (g) neither Black & Decker nor any Black & Decker Subsidiary has received written or oral communication during the past three years of the intent of any Governmental Entity responsible for the enforcement of labor or employment laws to conduct an investigation of or affecting Black & Decker or any Black & Decker Subsidiary and, to the Knowledge of Black & Decker, no such investigation is in progress.

Section 4.18. Brokers Fees and Expenses. No broker, investment banker, financial advisor or other Person, other than J.P. Morgan Securities Inc. (the Black & Decker Financial Advisor), the fees and expenses of which will be paid by Black & Decker, is entitled to any broker's, finder's, financial advisor's or other similar fee or commission in connection with the Merger or any of the other transactions contemplated by this Agreement based upon arrangements made by or on behalf of Black & Decker. Black & Decker has furnished to Stanley true and complete copies of all agreements between Black & Decker and the Black & Decker Financial Advisor relating to the Merger or any of the other transactions contemplated by this Agreement.

Section 4.19. Opinion of Financial Advisor. Black & Decker has received the opinion of the Black & Decker Financial Advisor dated the date of this Agreement, to the effect that, as of such date, the Exchange Ratio is fair, from a financial point of view, to the holders of Black & Decker Common Stock.

Section 4.20. No Other Representations or Warranties. Except for the representations and warranties contained in this Article IV, Stanley acknowledges that none of Black & Decker, the Black & Decker Subsidiaries or any other Person on behalf of Black & Decker makes any other express or implied representation or warranty in connection with the transactions contemplated by this Agreement.

ARTICLE V

Covenants Relating to Conduct of Business

Section 5.01. Conduct of Business. (a) Conduct of Business by Stanley. Except for matters set forth in the Stanley Disclosure Letter or otherwise expressly permitted or expressly contemplated by this Agreement or with the prior written consent of Black & Decker (which shall not be unreasonably withheld, conditioned or delayed), from the date of this Agreement to the Effective Time, Stanley shall, and shall cause each Stanley Subsidiary to, conduct its business in the ordinary course in all material respects and use commercially reasonable efforts to preserve intact its business organization and advantageous business relationships. In addition, and without limiting the generality of the foregoing, except for matters set forth in the Stanley Disclosure Letter or otherwise expressly permitted or expressly

contemplated by this Agreement or with the prior written consent of Black & Decker (which shall not be unreasonably withheld, conditioned or delayed),

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from the date of this Agreement to the Effective Time, Stanley shall not, and shall not permit any Stanley Subsidiary to, do any of the following:

(i) (A) declare, set aside or pay any dividends on, or make any other distributions (whether in cash, stock or property or any combination thereof) in respect of, any of its capital stock, other equity interests or voting securities, other than (1) regular quarterly cash dividends payable by Stanley in respect of shares of Stanley Common Stock not exceeding \$0.33 per share of Stanley Common Stock with (subject to Section 5.01(f)) usual declaration, record and payment dates and in accordance with Stanley's current dividend policy and (2) dividends and distributions by a direct or indirect wholly owned Stanley Subsidiary to its stockholders or other equity holders, (B) other than with respect to a wholly owned Stanley Subsidiary, split, combine, subdivide or reclassify any of its capital stock, other equity interests or voting securities, or securities convertible into or exchangeable or exercisable for capital stock or other equity interests or voting securities or issue or authorize the issuance of any other securities in respect of, in lieu of or in substitution for its capital stock, other equity interests or voting securities, other than as permitted by Section 5.01(a)(ii), or (C) repurchase, redeem or otherwise acquire, or offer to repurchase, redeem or otherwise acquire, any capital stock or voting securities of, or equity interests in, Stanley or any Stanley Subsidiary or any securities of Stanley or any Stanley Subsidiary convertible into or exchangeable or exercisable for capital stock or voting securities of, or equity interests in, Stanley or any Stanley Subsidiary, or any warrants, calls, options or other rights to acquire any such capital stock, securities or interests, except pursuant to the Stanley Stock Options, the Stanley ESPP, Stanley Restricted Stock Units and Stanley Performance Share Units, in each case, pursuant to their terms or thereafter granted as permitted by the provisions of Section 5.01(a)(ii) or any such transaction by Stanley or a wholly owned Stanley Subsidiary in respect of such capital stock, securities or interests in a wholly owned Stanley Subsidiary;

(ii) issue, deliver, sell, grant, pledge or otherwise encumber or subject to any Lien (A) any shares of capital stock of Stanley or any Stanley Subsidiary (other than the issuance of Stanley Common Stock (1) upon the exercise of Stanley Stock Options or vesting of Stanley Restricted Stock Units or Stanley Performance Share Units, in each case, outstanding at the close of business on the date of this Agreement and in accordance with their terms in effect at such time or thereafter granted as permitted by the provisions of this Section 5.01(a)(ii) and (2) pursuant to the Stanley ESPP and the Stanley Directors' Deferred Compensation Plan in accordance with their respective terms, or the issuance of shares of capital stock of a wholly owned Stanley Subsidiary to Stanley or to another wholly owned Stanley Subsidiary), (B) any other equity interests or voting securities of Stanley or any Stanley Subsidiary, other than in the case of a Stanley Subsidiary, an issuance, delivery or sale to Stanley or any wholly owned Stanley Subsidiary, (C) any securities convertible into or exchangeable or exercisable for capital stock or voting securities of, or other equity interests in, Stanley or any Stanley Subsidiary, other than in the case of a Stanley Subsidiary, an issuance, delivery or sale to Stanley or any wholly owned Stanley Subsidiary, (D) any warrants, calls, options or other rights to acquire any capital stock or voting securities of, or other equity interests in, Stanley or any Stanley Subsidiary, other than in the case of a Stanley Subsidiary, an issuance, delivery or sale to Stanley or any wholly owned Stanley Subsidiary, (E) any rights issued by Stanley or any Stanley Subsidiary that are linked in any way to the price of any class of Stanley Capital Stock or any shares of capital stock of any Stanley Subsidiary, the value of Stanley, any Stanley Subsidiary or any part of Stanley or any Stanley Subsidiary or any dividends or other distributions declared or paid on any shares of capital stock of Stanley or any Stanley Subsidiary, other than in the case of a Stanley Subsidiary, an issuance, delivery or sale to Stanley or any wholly owned Stanley Subsidiary, or (F) any Stanley Voting Debt, other than, in the case of each of clauses (A) through (F), for (1) grants of purchase rights under the Stanley ESPP in the ordinary course of business consistent with past practice, (2) in the ordinary course of business consistent with past practice, deferrals of compensation by directors under the Stanley Directors' Deferred Compensation Plan as in effect on the date of this Agreement and (3) grants of Stanley Stock Options and issuances of Stanley Restricted Stock Units and Stanley Performance Share Units under the Stanley Benefit Plans as in effect on the date of this Agreement, in each case under clause (3) in the ordinary course of business consistent with past practice (I) to any officer or employee of Stanley or any Stanley Subsidiary in the context of promotions

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based on job performance or workplace requirements, (II) in connection with new hires, (III) to respond to offers of employment made to existing employees by third parties, and (IV) in connection with normal annual grants to any director, officer or employee of Stanley or any Stanley Subsidiary in accordance with Section 5.01(a)(ii) of the Stanley Disclosure Letter;

(iii) (A) amend the Stanley Articles (other than to amend the Stanley Articles to give effect to the Articles Amendment); (B) amend the Stanley Bylaws; or (C) amend the charter or organizational documents of any Stanley Subsidiary in a manner which would be reasonably likely to have a Stanley Material Adverse Effect or to prevent or materially impede, interfere with, hinder or delay the consummation by Stanley of the Merger or any of the other transactions contemplated by this Agreement, except, in the case of each of the foregoing clauses (B) and (C), as may be required by Law or the rules and regulations of the SEC or the NYSE;

(iv) except as required to comply with applicable Law or to comply with any Stanley Benefit Plan (including any award agreement thereunder) in effect as of the date of this Agreement, (A) establish, adopt, enter into, terminate or amend, or take any action to accelerate the vesting or payment of, any compensation or benefits under, any collective bargaining agreement or Stanley Benefit Plan (or any award thereunder), (B) increase in any material respect the compensation or benefits of, or pay any discretionary bonus of any kind or amount whatsoever to, any current or former director, officer, employee or independent contractor of Stanley or any Stanley Subsidiary, except for increases in regular cash compensation in the ordinary course of business consistent with past practice for employees of Stanley or any Stanley Subsidiary who are not officers, (C) pay any benefit or amount not required under any Stanley Benefit Plan as in effect on the date of this Agreement, (D) grant or pay any change in control, retention, severance or termination compensation or benefits, (E) take any action to fund or in any other way secure the payment of compensation or benefits under any Stanley Benefit Plan, (F) change any actuarial or other assumption used to calculate funding obligations with respect to any Stanley Pension Plan, except to the extent required by GAAP, or (G) change the manner in which contributions to any Stanley Pension Plan are made or the basis on which such contributions are determined;

(v) make any change in financial accounting methods, principles or practices, except insofar as may have been required by a change in GAAP (after the date of this Agreement);

(vi) (A) make any material election with respect to Taxes, (B) make any changes to any such election or existing election, or (C) settle or compromise any material Tax liability or refund, other than, in each case, in the ordinary course of business.

(vii) file or amend any Tax Return other than in the ordinary course of business and on a basis consistent with past practices and applicable Law, or fail to pay any Taxes due and payable;

(viii) directly or indirectly acquire or agree to acquire in any transaction any equity interest in or business of any firm, corporation, partnership, company, limited liability company, trust, joint venture, association or other entity or division thereof or any material properties or assets if the aggregate amount of the consideration paid or transferred by Stanley and the Stanley Subsidiaries in connection with all such transactions would exceed \$100,000,000;

(ix) sell, lease (as lessor), license (as licensor), mortgage, sell and leaseback or otherwise encumber or subject to any Lien, or otherwise dispose of any properties or assets or any interests therein that, individually or in the aggregate, have a fair market value in excess of \$25,000,000, except in relation to mortgages, liens and pledges to secure Indebtedness for borrowed money permitted to be incurred under Section 5.01(a)(x);

(x) incur any Indebtedness, except for (A) Indebtedness used to finance an acquisition permitted by Section 5.01(a)(viii), (B) Indebtedness incurred in the ordinary course of business, (C) Indebtedness in replacement of

existing Indebtedness, (D) Indebtedness of a Stanley Subsidiary payable to Stanley or a wholly owned Stanley Subsidiary, or (E) guarantees by Stanley of Indebtedness of any wholly owned Stanley Subsidiary;

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(xi) make, or agree or commit to make, any capital expenditures except (A) in 2009, in accordance with the capital plans for 2009 set forth in Section 5.01(a)(xi) of the Stanley Disclosure Letter, and (B) in 2010, in an amount up to \$150,000,000 (pro rated on a quarterly basis);

(xii) enter into or amend any Contract, or take any other action, if such Contract, amendment of a Contract or action would reasonably be expected to prevent or materially impede, interfere with, hinder or delay the consummation of the Merger or any of the other transactions contemplated by this Agreement or adversely affect in a material respect the expected benefits (taken as a whole) of the Merger;

(xiii) enter into or amend any material Contract to the extent consummation of the Merger or compliance by Stanley or any Stanley Subsidiary with the provisions of this Agreement would reasonably be expected to conflict with, or result in a violation of or default (with or without notice or lapse of time, or both) under, give rise to a right of termination, cancellation or acceleration of, give rise to any obligation to make an offer to purchase or redeem any Indebtedness or capital stock or any loss of a material benefit under, or result in the creation of any Lien upon any of the material properties or assets of Stanley or any Stanley Subsidiary under, or require Stanley, Black & Decker or any of their respective Subsidiaries to license or transfer any of its material properties or assets under, or give rise to any increased, additional, accelerated, or guaranteed right or entitlements of any third party under, or result in any material alteration of, any provision of such Contract or amendment;

(xiv) settle any material claim or material litigation, in each case made or pending against Stanley or any Stanley Subsidiary, other than (A) the settlement of disputes, claims or litigation in respect of: health care insurance, products and services; group disability, life and accident insurance; workers compensation case management and related services; products liability claims; and commutations of reinsurance agreements and resolutions of disputes concerning reinsurance agreements; in each case in the ordinary course of business, (B) the settlement of other claims or litigation in an amount not to exceed, in the aggregate for all such settlements under this clause (B), \$25,000,000 and (C) the settlement of claims or litigation disclosed, reflected or reserved against in the most recent financial statements (or the notes thereto) of Stanley included in the Filed Stanley SEC Documents for an amount not materially in excess of the amount so disclosed, reflected or reserved;

(xv) cancel any material Indebtedness owed to Stanley or a Stanley Subsidiary or waive any claims or rights of substantial value, in each case other than in the ordinary course of business;

(xvi) enter into, modify, amend or terminate any collective bargaining or other labor union Contract applicable to the employees of Stanley or any of the Stanley Subsidiaries, other than (A) the entry into new collective bargaining or other labor union Contracts in the ordinary course of business required to be entered into by any non-US Law, (B) modifications, amendments, renewals or terminations of such Contracts in the ordinary course of business or (C) any modification, amendment, renewal or termination of any collective bargaining agreement to the extent required by applicable Law; or

(xvii) authorize any of, or commit, resolve or agree to take any of, or participate in any negotiations or discussions with any other Person regarding any of, the foregoing actions.

(b) Conduct of Business by Black & Decker. Except for matters set forth in the Black & Decker Disclosure Letter or otherwise expressly permitted or expressly contemplated by this Agreement or with the prior written consent of Stanley (which shall not be unreasonably withheld, conditioned or delayed), from the date of this Agreement to the Effective Time, Black & Decker shall, and shall cause each Black & Decker Subsidiary to, conduct its business in the ordinary course in all material respects and use commercially reasonable efforts to preserve intact its business organization and advantageous business relationships. In addition, and without limiting the generality of the foregoing, except for matters set forth in the Black & Decker Disclosure Letter or otherwise expressly permitted or

expressly contemplated by this Agreement or with the prior written consent of Stanley (which shall not be unreasonably withheld, conditioned or delayed),

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from the date of this Agreement to the Effective Time, Black & Decker shall not, and shall not permit any Black & Decker Subsidiary to, do any of the following:

(i) (A) declare, set aside or pay any dividends on, or make any other distributions (whether in cash, stock or property or any combination thereof) in respect of, any of its capital stock, other equity interests or voting securities, other than (1) regular quarterly cash dividends payable by Black & Decker in respect of shares of Black & Decker Common Stock not exceeding \$0.12 per share of Black & Decker Common Stock with (subject to Section 5.01(f)) usual declaration, record and payment dates and in accordance with Black & Decker's current dividend policy and (2) dividends and distributions by a direct or indirect wholly owned Black & Decker Subsidiary to its stockholders or other equity holders, (B) other than with respect to any wholly owned Black & Decker Subsidiary, split, combine, subdivide or reclassify any of its capital stock, other equity interests or voting securities or securities convertible into or exchangeable or exercisable for capital stock or other equity interests or voting securities or issue or authorize the issuance of any other securities in respect of, in lieu of or in substitution for its capital stock, other equity interests or voting securities, other than as permitted by Section 5.01(b)(ii), or (C) repurchase, redeem or otherwise acquire, or offer to repurchase, redeem or otherwise acquire, any capital stock or voting securities of, or equity interests in, Black & Decker or any Black & Decker Subsidiary or any securities of Black & Decker or any Black & Decker Subsidiary convertible into or exchangeable or exercisable for capital stock or voting securities of, or equity interests in, Black & Decker or any Black & Decker Subsidiary, or any warrants, calls, options or other rights to acquire any such capital stock, securities or interests, except pursuant to the Black & Decker Stock Options, Black & Decker Restricted Stock Units, Black & Decker Performance Share Units and Black & Decker Restricted Shares, in each case, pursuant to their terms or thereafter granted as permitted by the provisions of Section 5.01(b)(ii) or any such transaction by Black & Decker or a wholly owned Black & Decker Subsidiary in respect of such capital stock, securities or interests in a wholly owned Black & Decker Subsidiary;

(ii) issue, deliver, sell, grant, pledge or otherwise encumber or subject to any Lien (A) any shares of capital stock of Black & Decker or any Black & Decker Subsidiary, other than the issuance of Black & Decker Common Stock (1) upon the exercise of Black & Decker Stock Options and upon the vesting of Black & Decker Restricted Stock Units and Black & Decker Performance Share Units, in each case, outstanding at the close of business on the date of this Agreement and in accordance with their terms in effect at such time or thereafter granted as permitted by the provisions of this Section 5.01(b)(ii) and (2) pursuant to the Black & Decker Directors' Deferred Compensation Plan in accordance with its terms, or the issuance of shares of capital stock of a wholly owned Black & Decker Subsidiary to Black & Decker or another wholly owned Black & Decker Subsidiary, (B) any other equity interests or voting securities of Black & Decker or any Black & Decker Subsidiary, other than in the case of a Black & Decker Subsidiary, an issuance, delivery or sale to Black & Decker or any wholly owned Black & Decker Subsidiary, (C) any securities convertible into or exchangeable or exercisable for capital stock or voting securities of, or other equity interests in, Black & Decker or any Black & Decker Subsidiary, other than in the case of a Black & Decker Subsidiary, an issuance, delivery or sale to Black & Decker or any wholly owned Black & Decker Subsidiary, (D) any warrants, calls, options or other rights to acquire any capital stock or voting securities of, or other equity interests in, Black & Decker or any Black & Decker Subsidiary, other than in the case of a Black & Decker Subsidiary, an issuance, delivery or sale to Black & Decker or any wholly owned Black & Decker Subsidiary, (E) any rights issued by Black & Decker or any Black & Decker Subsidiary that are linked in any way to the price of any class of Black & Decker Capital Stock or any shares of capital stock of any Black & Decker Subsidiary, the value of Black & Decker, any Black & Decker Subsidiary or any part of Black & Decker or any Black & Decker Subsidiary or any dividends or other distributions declared or paid on any shares of capital stock of Black & Decker or any Black & Decker Subsidiary, other than in the case of a Black & Decker Subsidiary, an issuance, delivery or sale to Black & Decker or any wholly owned Black & Decker Subsidiary, or (F) any Black & Decker Voting Debt, other than, in the case of each of clauses (A) through (F), for (1) in the ordinary course of business consistent with past practice, deferrals of compensation by directors under the Black & Decker Directors' Deferred Compensation Plan as in effect on the date of this Agreement and (2) grants of Black & Decker Stock Options with an exercise price per

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share of Black & Decker Common Stock no less than the fair value of a share of Black & Decker Common Stock as of the relevant date of grant and issuances of Black & Decker LSARs, Black & Decker Restricted Stock Units, Black & Decker Performance Share Units and Black & Decker Restricted Shares under the Black & Decker Benefit Plans as in effect on the date of this Agreement, in each case under clause (2) in the ordinary course of business consistent with past practice (I) to any officer or employee of Black & Decker or any Black & Decker Subsidiary in the context of promotions based on job performance or workplace requirements, (II) in connection with new hires, (III) to respond to offers of employment made to existing employees by third parties, and (IV) in connection with normal annual grants to any director, officer or employee of Black & Decker or any Black & Decker Subsidiary in accordance with Section 5.01(b)(ii) of the Black & Decker Disclosure Letter;

(iii) (A) amend the Black & Decker Articles, (B) amend the Black & Decker Bylaws or (C) amend the charter or organizational documents of any Black & Decker Subsidiary in a manner which would be reasonably likely to have a Black & Decker Material Adverse Effect or to prevent or materially impede, interfere with, hinder or delay the consummation by Black & Decker of the Merger or any of the other transactions contemplated by this Agreement, except, in the case of each of the foregoing clauses (B) and (C), as may be required by Law or the rules and regulations of the SEC or the NYSE;

(iv) except as required to comply with applicable Law or to comply with any Black & Decker Benefit Plan (including any award agreement thereunder) in effect as of the date of this Agreement, (A) establish, adopt, enter into, terminate or amend, or take any action to accelerate the vesting or payment of, any compensation or benefits under, any collective bargaining agreement or Black & Decker Benefit Plan (or any award thereunder), (B) increase in any material respect the compensation or benefits of, or pay any discretionary bonus of any kind or amount whatsoever to, any current or former director, officer, employee or independent contractor of Black & Decker or any Black & Decker Subsidiary, except for increases in regular cash compensation in the ordinary course of business consistent with past practice for employees of Black & Decker or any Black & Decker Subsidiary who are not officers, (C) pay any benefit or amount not required under any Black & Decker Benefit Plan as in effect on the date of this Agreement, (D) grant or pay any change in control, retention, severance or termination compensation or benefits, (E) take any action to fund or in any other way secure the payment of compensation or benefits under any Black & Decker Benefit Plan, (F) change any actuarial or other assumption used to calculate funding obligations with respect to any Black & Decker Pension Plan, except to the extent required by GAAP, or (G) change the manner in which contributions to any Black & Decker Pension Plan are made or the basis on which such contributions are determined;

(v) make any change in financial accounting methods, principles or practices, except insofar as may have been required by a change in GAAP (after the date of this Agreement);

(vi) (A) make any material election with respect to Taxes, (B) make any changes to any such election or existing election, or (C) settle or compromise any material Tax liability or refund, other than, in each case, in the ordinary course of business.

(vii) file or amend any Tax Return other than in the ordinary course of business and on a basis consistent with past practices and applicable Law, or fail to pay any Taxes due and payable;

(viii) directly or indirectly acquire or agree to acquire in any transaction any equity interest in or business of any firm, corporation, partnership, company, limited liability company, trust, joint venture, association or other entity or division thereof or any material properties or assets if the aggregate amount of the consideration paid or transferred by Black & Decker and the Black & Decker Subsidiaries in connection with all such transactions would exceed \$100,000,000;

(ix) sell, lease (as lessor), license (as licensor), mortgage, sell and leaseback or otherwise encumber or subject to any Lien, or otherwise dispose of any properties or assets or any interests therein that, individually or in the aggregate, have a fair market value in excess of \$25,000,000, except in relation to mortgages, liens and pledges to secure Indebtedness for borrowed money permitted to be incurred under Section 5.01(b)(x);

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(x) incur any Indebtedness, except for (A) Indebtedness used to finance an acquisition permitted by Section 5.01(b)(viii), (B) Indebtedness incurred in the ordinary course of business, (C) Indebtedness in replacement of existing Indebtedness, (D) Indebtedness of a Black & Decker Subsidiary payable to Black & Decker or a wholly owned Black & Decker Subsidiary, or (E) guarantees by Black & Decker of Indebtedness of any wholly owned Black & Decker Subsidiary;

(xi) make, or agree or commit to make, any capital expenditures except (A) in 2009, in accordance with the capital plans for 2009 set forth in Section 5.01(b)(xi) of the Black & Decker Disclosure Letter, and (B) in 2010, in an amount up to \$150,000,000 (pro rated on a quarterly basis);

(xii) enter into or amend any Contract or take any other action if such Contract, amendment of a Contract or action would reasonably be expected to prevent or materially impede, interfere with, hinder or delay the consummation of the Merger or any of the other transactions contemplated by this Agreement or adversely affect in a material respect the expected benefits (taken as a whole) of the Merger;

(xiii) enter into or amend any material Contract to the extent consummation of the Merger or compliance by Black & Decker or any Black & Decker Subsidiary with the provisions of this Agreement would reasonably be expected to conflict with, or result in a violation of or default (with or without notice or lapse of time, or both) under, give rise to a right of termination, cancellation or acceleration of, give rise to any obligation to make an offer to purchase or redeem any Indebtedness or capital stock or any loss of a material benefit under, or result in the creation of any Lien upon any of the material properties or assets of Black & Decker or any Black & Decker Subsidiary under, or require Stanley, Black & Decker or any of their respective Subsidiaries to license or transfer any of its material properties or assets under, or give rise to any increased, additional, accelerated, or guaranteed right or entitlements of any third party under, or result in any material alteration of, any provision of such Contract or amendment;

(xiv) settle any material claim or material litigation, in each case made or pending against Black & Decker or any Black & Decker Subsidiary, other than (A) the settlement of disputes, claims or litigation in respect of: health care insurance, products and services; group disability, life and accident insurance; workers compensation case management and related services; products liability claims; and commutations of reinsurance agreements and resolutions of disputes concerning reinsurance agreements; in each case in the ordinary course of business, (B) the settlement of other claims or litigation in an amount not to exceed, in the aggregate for all such settlements under this clause (B), \$25,000,000 and (C) the settlement of claims or litigation disclosed, reflected or reserved against in the most recent financial statements (or the notes thereto) of Black & Decker included in the Filed Black & Decker SEC Documents for an amount not materially in excess of the amount so disclosed, reflected or reserved;

(xv) cancel any material Indebtedness owed to Black & Decker or a Black & Decker Subsidiary or waive any claims or rights of substantial value, in each case other than in the ordinary course of business;

(xvi) enter into, modify, amend or terminate any collective bargaining or other labor union Contract applicable to the employees of Black & Decker or any of the Black & Decker Subsidiaries, other than (A) the entry into new collective bargaining or other labor union Contracts in the ordinary course of business required to be entered into by any non-US Law, (B) modifications, amendments, renewals or terminations of such Contracts in the ordinary course of business or (C) any modification, amendment, renewal or termination of any collective bargaining agreement to the extent required by applicable Law; or

(xvii) authorize any of, or commit, resolve or agree to take any of, or participate in any negotiations or discussions with any other Person regarding any of, the foregoing actions.

(c) No Control of Stanley's Business. Black & Decker acknowledges and agrees that (i) nothing contained in this Agreement is intended to give Black & Decker, directly or indirectly, the right to control or direct the operations of Stanley or any Stanley Subsidiary prior to the Effective Time and (ii) prior to the

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Effective Time, Stanley shall exercise, consistent with the terms and conditions of this Agreement, complete control and supervision over its and the Stanley Subsidiaries' respective operations.

(d) No Control of Black & Decker's Business. Stanley acknowledges and agrees that (i) nothing contained in this Agreement is intended to give Stanley, directly or indirectly, the right to control or direct the operations of Black & Decker or any Black & Decker Subsidiary prior to the Effective Time and (ii) prior to the Effective Time, Black & Decker shall exercise, consistent with the terms and conditions of this Agreement, complete control and supervision over its and the Black & Decker Subsidiaries' respective operations.

(e) Advice of Changes. Stanley and Black & Decker shall promptly advise the other orally and in writing of any change or event that, individually or in the aggregate with all past changes and events, has had or would reasonably be expected to have a Material Adverse Effect with respect to such Person.

(f) Coordination of Quarterly Dividends. Stanley and Black & Decker shall each set the declaration, record and payment dates of their regular quarterly dividends such that holders of Black & Decker Common Stock do not, with respect to any calendar quarter, become entitled to receive both (i) a dividend on their shares of Black & Decker Common Stock declared by Black & Decker with respect to such quarter and (ii) a dividend on their shares of Stanley Common Stock received as Merger Consideration declared by Stanley with respect to such quarter.

Section 5.02. No Solicitation by Stanley; Stanley Board Recommendation. (a) Stanley shall not, nor shall it authorize or permit any of its Affiliates or any of its or their respective directors, officers or employees or any of its or their respective investment bankers, accountants, attorneys or other advisors, agents or representatives (collectively, Representatives) to, (i) directly or indirectly solicit, initiate or knowingly encourage, induce or facilitate any Stanley Takeover Proposal or any inquiry or proposal that may reasonably be expected to lead to a Stanley Takeover Proposal or (ii) directly or indirectly participate in any discussions or negotiations with any Person regarding, or furnish to any Person any information with respect to, any Stanley Takeover Proposal or any inquiry or proposal that may reasonably be expected to lead to a Stanley Takeover Proposal. Stanley shall, and shall cause its Affiliates and its and their respective Representatives to, immediately cease and cause to be terminated all existing discussions or negotiations with any Person conducted heretofore with respect to any Stanley Takeover Proposal, or any inquiry or proposal that may reasonably be expected to lead to a Stanley Takeover Proposal, request the prompt return or destruction of all confidential information previously furnished in connection therewith and immediately terminate all physical and electronic dataroom access previously granted to any such Person or its Representatives. Notwithstanding the foregoing, at any time prior to obtaining the Stanley Shareholder Approval and the Stanley Articles Amendment Approval, in response to a written Stanley Takeover Proposal that the Stanley Board determines in good faith (after consultation with outside counsel and a financial advisor of nationally recognized reputation) constitutes or is reasonably likely to lead to a Superior Stanley Proposal, and which Stanley Takeover Proposal was made after the date of this Agreement and did not otherwise result from a breach of the non-solicitation provisions of this Section 5.02(a), Stanley may (and may authorize and permit its Affiliates and its and their Representatives to), subject to compliance with Section 5.02(c), (A) furnish information with respect to Stanley and the Stanley Subsidiaries to the Person making such Stanley Takeover Proposal (and its Representatives) (provided that all such information has previously been provided to Black & Decker or is provided to Black & Decker prior to or substantially concurrent with the time it is provided to such Person) pursuant to a customary confidentiality agreement not less restrictive of such Person than the Confidentiality Agreement (other than with respect to standstill provisions), and (B) participate in discussions regarding the terms of such Stanley Takeover Proposal and the negotiation of such terms with, and only with, the Person making such Stanley Takeover Proposal (and such Person's Representatives). Without limiting the foregoing, it is agreed that any violation of the restrictions set forth in this Section 5.02(a) by any Representative of Stanley or any of its Affiliates shall constitute a breach of this Section 5.02(a) by Stanley.

(b) Except as set forth below, neither the Stanley Board nor any committee thereof shall (i) (A) withdraw (or modify in any manner adverse to Black & Decker), or propose publicly to withdraw (or modify in any manner adverse to Black & Decker), the approval, recommendation or declaration of advisability by the

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Stanley Board or any such committee thereof with respect to this Agreement, including the Articles Amendment and the Share Issuance, or (B) adopt, recommend or declare advisable, or propose publicly to adopt, recommend or declare advisable, any Stanley Takeover Proposal (any action in this clause (i) being referred to as a Stanley Adverse Recommendation Change) or (ii) adopt, recommend or declare advisable, or propose publicly to adopt, recommend or declare advisable, or allow Stanley or any of its Affiliates to execute or enter into, any letter of intent, memorandum of understanding, agreement in principle, merger agreement, acquisition agreement, option agreement, joint venture agreement, alliance agreement, partnership agreement or other similar agreement or arrangement (an Acquisition Agreement) constituting or related to, or that is intended to or would reasonably be expected to lead to, any Stanley Takeover Proposal, or requiring, or reasonably expected to cause, Stanley or Merger Sub to abandon, terminate, delay or fail to consummate, or that would otherwise impede, interfere with or be inconsistent with, the Merger or any of the other transactions contemplated by this Agreement, or requiring, or reasonably expected to cause, Stanley or Merger Sub to fail to comply with this Agreement (other than a confidentiality agreement referred to in Section 5.02(a)). Notwithstanding the foregoing, at any time prior to obtaining the Stanley Shareholder Approval and the Stanley Articles Amendment Approval, the Stanley Board may make a Stanley Adverse Recommendation Change if Stanley receives a Superior Stanley Proposal or the Stanley Board determines in good faith (after consultation with outside counsel and a financial advisor of nationally recognized reputation) that the failure to do so would be inconsistent with its duties under applicable Law; provided, however, that Stanley shall not be entitled to exercise its right to make a Stanley Adverse Recommendation Change until after the fifth Business Day following Black & Decker's receipt of written notice (a Stanley Notice of Recommendation Change) from Stanley advising Black & Decker that the Stanley Board intends to take such action and specifying the reasons therefor, including in the case of a Superior Stanley Proposal the terms and conditions of such Superior Stanley Proposal that is the basis of the proposed action by the Stanley Board (it being understood and agreed that any amendment to any material term of such Superior Stanley Proposal shall require a new Stanley Notice of Recommendation Change and a new five Business Day period). In determining whether to make a Stanley Adverse Recommendation Change, the Stanley Board shall take into account any changes to the terms of this Agreement proposed by Black & Decker in response to a Stanley Notice of Recommendation Change or otherwise.

(c) In addition to the obligations of Stanley set forth in paragraphs (a) and (b) of this Section 5.02, Stanley shall promptly advise Black & Decker orally and in writing of any Stanley Takeover Proposal, the material terms and conditions of any such Stanley Takeover Proposal (including any changes thereto) and the identity of the Person making any such Stanley Takeover Proposal. Stanley shall (i) keep Black & Decker informed in all material respects of the status and details (including any change to the terms thereof) of any Stanley Takeover Proposal, and (ii) provide to Black & Decker as soon as practicable after receipt or delivery thereof copies of all correspondence and other written material exchanged between Stanley or any of its Subsidiaries and any Person that describes any of the terms or conditions of any Stanley Takeover Proposal.

(d) Nothing contained in this Section 5.02 shall prohibit Stanley from (i) issuing a stop-look-and-listen communication pursuant to Rule 14d-9(f) promulgated under the Exchange Act or taking and disclosing to its shareholders positions required by Rule 14d-9 or Rule 14e-2 promulgated under the Exchange Act, in each case after the commencement of a tender offer (within the meaning of Rule 14d-2 promulgated under the Exchange Act), (ii) issuing a statement in connection with a Stanley Takeover Proposal that does not involve the commencement of a tender offer (within the meaning of Rule 14d-2 promulgated under the Exchange Act), so long as the statement includes no more information than would be required for a stop-look-and-listen communication under Rule 14d-9(f) promulgated under the Exchange Act if such provision was applicable, or (iii) making any disclosure to the shareholders of Stanley if, in the good faith judgment of the Stanley Board (after consultation with outside counsel) failure to so disclose would be inconsistent with its duties under applicable Law; provided, however, that in no event shall Stanley or the Stanley Board or any committee thereof take, or agree or resolve to take, any action prohibited by Section 5.02(b).

(e) For purposes of this Agreement:

Stanley Takeover Proposal means any proposal or offer (whether or not in writing), with respect to any (i) merger, consolidation, share exchange, other business combination or similar transaction involving

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Stanley, (ii) sale, lease, contribution or other disposition, directly or indirectly (including by way of merger, consolidation, share exchange, other business combination, partnership, joint venture, sale of capital stock of or other equity interests in a Stanley Subsidiary or otherwise) of any business or assets of Stanley or the Stanley Subsidiaries representing 10% or more of the consolidated revenues, net income or assets of Stanley and the Stanley Subsidiaries, taken as a whole, (iii) issuance, sale or other disposition, directly or indirectly, to any Person (or the stockholders of any Person) or group of securities (or options, rights or warrants to purchase, or securities convertible into or exchangeable for, such securities) representing 10% or more of the voting power of Stanley, (iv) transaction in which any Person (or the stockholders of any Person) shall acquire, directly or indirectly, beneficial ownership, or the right to acquire beneficial ownership, or formation of any group which beneficially owns or has the right to acquire beneficial ownership of, 10% or more of the Stanley Common Stock or (v) any combination of the foregoing (in each case, other than the Merger).

Superior Stanley Proposal means any binding bona fide written offer made by a third party or group pursuant to which such third party (or, in a merger, consolidation or statutory share exchange involving such third party, the stockholders of such third party) or group would acquire, directly or indirectly, more than 50% of the Stanley Common Stock or substantially all of the assets of Stanley and the Stanley Subsidiaries, taken as a whole, which the Stanley Board determines in good faith (after consultation with outside counsel and a financial advisor of nationally recognized reputation) is (i) on terms more favorable from a financial point of view to the holders of Stanley Common Stock than the Merger, taking into account all the terms and conditions of such proposal and this Agreement (including any changes proposed by Black & Decker to the terms of this Agreement), and (ii) reasonably likely to be completed, taking into account all financial, regulatory, legal and other aspects of such proposal.

Section 5.03. No Solicitation by Black & Decker; Black & Decker Board Recommendation. (a) Black & Decker shall not, nor shall it authorize or permit any of its Affiliates or any of its or their respective Representatives to, (i) directly or indirectly solicit, initiate or knowingly encourage, induce or facilitate any Black & Decker Takeover Proposal or any inquiry or proposal that may reasonably be expected to lead to a Black & Decker Takeover Proposal or (ii) directly or indirectly participate in any discussions or negotiations with any Person regarding, or furnish to any Person any information with respect to, any Black & Decker Takeover Proposal or any inquiry or proposal that may reasonably be expected to lead to a Black & Decker Takeover Proposal. Black & Decker shall, and shall cause its Affiliates and its and their respective Representatives to, immediately cease and cause to be terminated all existing discussions or negotiations with any Person conducted heretofore with respect to any Black & Decker Takeover Proposal, or any inquiry or proposal that may reasonably be expected to lead to a Black & Decker Takeover Proposal, request the prompt return or destruction of all confidential information previously furnished in connection therewith and immediately terminate all physical and electronic dataroom access previously granted to any such Person or its Representatives. Notwithstanding the foregoing, at any time prior to obtaining the Black & Decker Stockholder Approval, in response to a written Black & Decker Takeover Proposal that the Black & Decker Board determines in good faith (after consultation with outside counsel and a financial advisor of nationally recognized reputation) constitutes or is reasonably likely to lead to a Superior Black & Decker Proposal, and which Black & Decker Takeover Proposal was made after the date of this Agreement and did not otherwise result from a breach of the non-solicitation provisions of this Section 5.03(a), Black & Decker may (and may authorize and permit its Affiliates and its and their Representatives to), subject to compliance with Section 5.03(c), (A) furnish information with respect to Black & Decker and the Black & Decker Subsidiaries to the Person making such Black & Decker Takeover Proposal (and its Representatives) (provided that all such information has previously been provided to Stanley or is provided to Stanley prior to or substantially concurrent with the time it is provided to such Person) pursuant to a customary confidentiality agreement not less restrictive of such Person than the Confidentiality Agreement (other than with respect to standstill provisions), and (B) participate in discussions regarding the terms of such Black & Decker Takeover Proposal and the negotiation of such terms with, and only with, the Person making such Black & Decker Takeover Proposal (and such Person's Representatives). Without limiting the foregoing, it is agreed that any violation of the restrictions set forth in this Section 5.03(a) by any Representative of Black & Decker or any of its Affiliates

shall constitute a breach of this Section 5.03(a) by Black & Decker.

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(b) Except as set forth below, neither the Black & Decker Board nor any committee thereof shall (i) (A) withdraw (or modify in any manner adverse to Stanley), or propose publicly to withdraw (or modify in any manner adverse to Stanley), the approval, recommendation or declaration of advisability by the Black & Decker Board or any such committee thereof with respect to this Agreement or the Merger or (B) adopt, recommend or declare advisable, or propose publicly to adopt, recommend or declare advisable, any Black & Decker Takeover Proposal (any action in this clause (i) being referred to as a Black & Decker Adverse Recommendation Change) or (ii) adopt, recommend or declare advisable, or propose publicly to adopt, recommend or declare advisable, or allow Black & Decker or any of its Affiliates to execute or enter into, any Acquisition Agreement constituting or related to, or that is intended to or would reasonably be expected to lead to, any Black & Decker Takeover Proposal, or requiring, or reasonably expected to cause, Black & Decker to abandon, terminate, delay or fail to consummate, or that would otherwise impede, interfere with or be inconsistent with, the Merger or any of the other transactions contemplated by this Agreement, or requiring, or reasonably expected to cause, Black & Decker to fail to comply with this Agreement (other than a confidentiality agreement referred to in Section 5.03(a)). Notwithstanding the foregoing, at any time prior to obtaining the Black & Decker Stockholder Approval, the Black & Decker Board may make a Black & Decker Adverse Recommendation Change if Black & Decker receives a Superior Black & Decker Proposal or the Black & Decker Board determines in good faith (after consultation with outside counsel and a financial advisor of nationally recognized reputation) that the failure to do so would be inconsistent with its duties under applicable Law; provided, however, that Black & Decker shall not be entitled to exercise its right to make a Black & Decker Adverse Recommendation Change until after the fifth Business Day following Stanley's receipt of written notice (a Black & Decker Notice of Recommendation Change) from Black & Decker advising Stanley that the Black & Decker Board intends to take such action and specifying the reasons therefor, including in the case of a Superior Black & Decker Proposal the terms and conditions of such Superior Black & Decker Proposal that is the basis of the proposed action by the Black & Decker Board (it being understood and agreed that any amendment to any material term of such Superior Black & Decker Proposal shall require a new Black & Decker Notice of Recommendation Change and a new five Business Day period). In determining whether to make a Black & Decker Adverse Recommendation Change, the Black & Decker Board shall take into account any changes to the terms of this Agreement proposed by Stanley in response to a Black & Decker Notice of Recommendation Change or otherwise.

(c) In addition to the obligations of Black & Decker set forth in paragraphs (a) and (b) of this Section 5.03, Black & Decker shall promptly advise Stanley orally and in writing of any Black & Decker Takeover Proposal, the material terms and conditions of any such Black & Decker Takeover Proposal (including any changes thereto) and the identity of the Person making any such Black & Decker Takeover Proposal. Black & Decker shall (i) keep Stanley informed in all material respects of the status and details (including any change to the terms thereof) of any Black & Decker Takeover Proposal, and (ii) provide to Stanley as soon as practicable after receipt or delivery thereof copies of all correspondence and other written material exchanged between Black & Decker or any of its Subsidiaries and any Person that describes any of the terms or conditions of any Black & Decker Takeover Proposal.

(d) Nothing contained in this Section 5.03 shall prohibit Black & Decker from (i) issuing a stop-look-and-listen communication pursuant to Rule 14d-9(f) promulgated under the Exchange Act or taking and disclosing to its stockholders positions required by Rule 14d-9 or Rule 14e-2 promulgated under the Exchange Act, in each case after the commencement of a tender offer (within the meaning of Rule 14d-2 promulgated under the Exchange Act), (ii) issuing a statement in connection with a Black & Decker Takeover Proposal that does not involve the commencement of a tender offer (within the meaning of Rule 14d-2 promulgated under the Exchange Act), so long as the statement includes no more information than would be required for a stop-look-and-listen communication under Rule 14d-9(f) promulgated under the Exchange Act if such provision was applicable, or (iii) making any disclosure to the stockholders of Black & Decker if, in the good faith judgment of the Black & Decker Board (after consultation with outside counsel) failure to so disclose would be inconsistent with its duties under applicable Law; provided, however, that in no event shall Black & Decker or the Black & Decker Board or any committee thereof take, or agree or resolve to take, any action prohibited by Section 5.03(b).

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(e) For purposes of this Agreement:

Black & Decker Takeover Proposal means any proposal or offer (whether or not in writing), with respect to any (i) merger, consolidation, share exchange, other business combination or similar transaction involving Black & Decker, (ii) sale, lease, contribution or other disposition, directly or indirectly (including by way of merger, consolidation, share exchange, other business combination, partnership, joint venture, sale of capital stock of or other equity interests in a Black & Decker Subsidiary or otherwise) of any business or assets of Black & Decker or the Black & Decker Subsidiaries representing 10% or more of the consolidated revenues, net income or assets of Black & Decker and the Black & Decker Subsidiaries, taken as a whole, (iii) issuance, sale or other disposition, directly or indirectly, to any Person (or the stockholders of any Person) or group of securities (or options, rights or warrants to purchase, or securities convertible into or exchangeable for, such securities) representing 10% or more of the voting power of Black & Decker, (iv) transaction in which any Person (or the stockholders of any Person) shall acquire, directly or indirectly, beneficial ownership, or the right to acquire beneficial ownership, or formation of any group which beneficially owns or has the right to acquire beneficial ownership of, 10% or more of the Black & Decker Common Stock or (v) any combination of the foregoing (in each case, other than the Merger).

Superior Black & Decker Proposal means any binding bona fide written offer made by a third party or group pursuant to which such third party (or, in a merger, consolidation or statutory share-exchange involving such third party, the stockholders of such third party) or group would acquire, directly or indirectly, more than 50% of the Black & Decker Common Stock or substantially all of the assets of Black & Decker and the Black & Decker Subsidiaries, taken as a whole, which the Black & Decker Board determines in good faith (after consultation with outside counsel and a financial advisor of nationally recognized reputation) is (i) on terms more favorable from a financial point of view to the holders of Black & Decker Common Stock than the Merger, taking into account all the terms and conditions of such proposal and this Agreement (including any changes proposed by Stanley to the terms of this Agreement), and (ii) reasonably likely to be completed, taking into account all financial, regulatory, legal and other aspects of such proposal.

ARTICLE VI

Additional Agreements

Section 6.01. Preparation of the Form S-4 and the Joint Proxy Statement: Stockholders Meetings. (a) As promptly as practicable following the date of this Agreement, Stanley and Black & Decker shall jointly prepare and cause to be filed with the SEC a joint proxy statement to be sent to the shareholders of Stanley and the stockholders of Black & Decker relating to the Stanley Shareholders Meeting and the Black & Decker Stockholders Meeting (together with any amendments or supplements thereto, the Joint Proxy Statement) and Stanley and Black & Decker shall jointly prepare and Stanley shall cause to be filed with the SEC the Form S-4, in which the Joint Proxy Statement will be included as a prospectus, and Stanley and Black & Decker shall use their respective commercially reasonable efforts to have the Form S-4 declared effective under the Securities Act as promptly as practicable after such filing. Each of Black & Decker and Stanley shall furnish all information concerning such Person and its Affiliates to the other, and provide such other assistance, as may be reasonably requested in connection with the preparation, filing and distribution of the Form S-4 and Joint Proxy Statement, and the Form S-4 and Joint Proxy Statement shall include all information reasonably requested by such other party to be included therein. Stanley shall also take any action (other than qualifying to do business in any jurisdiction in which it is not now so qualified) required to be taken under any applicable state securities laws in connection with the issuance of Stanley Common Stock in the Merger and under the Black & Decker Stock Plans, and each of Stanley and Black & Decker shall furnish all information concerning itself, its Affiliates and the holders of Stanley Capital Stock (and rights to acquire Stanley Capital Stock pursuant to Black & Decker Stock Plans or Stanley Stock Plans, as applicable) as may be reasonably requested in connection therewith. Each of Black & Decker and Stanley shall promptly notify the other upon the receipt of any comments from the SEC

or any request from the SEC for amendments or

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supplements to the Form S-4 or Joint Proxy Statement and shall provide the other with copies of all correspondence between it and its Representatives, on the one hand, and the SEC, on the other hand. Each of Black & Decker and Stanley shall use its commercially reasonable efforts to respond as promptly as practicable to any comments from the SEC with respect to the Form S-4 or Joint Proxy Statement. Notwithstanding the foregoing, prior to filing the Form S-4 (or any amendment or supplement thereto) or mailing the Joint Proxy Statement (or any amendment or supplement thereto) or responding to any comments of the SEC with respect thereto, each of Black & Decker and Stanley (i) shall provide the other an opportunity to review and comment on such document or response (including the proposed final version of such document or response), (ii) shall include in such document or response all comments reasonably proposed by the other and (iii) shall not file or mail such document or respond to the SEC prior to receiving the approval of the other, which approval shall not be unreasonably withheld, conditioned or delayed. Each of Black & Decker and Stanley shall advise the other, promptly after receipt of notice thereof, of the time of effectiveness of the Form S-4, the issuance of any stop order relating thereto or the suspension of the qualification of the Merger Consideration for offering or sale in any jurisdiction, and each of Black & Decker and Stanley shall use its commercially reasonable efforts to have any such stop order or suspension lifted, reversed or otherwise terminated. Each of Black & Decker and Stanley shall also take any other action (other than qualifying to do business in any jurisdiction in which it is not now so qualified) required to be taken under the Securities Act, the Exchange Act, any applicable foreign or state securities or blue sky laws and the rules and regulations thereunder in connection with the Merger and the issuance of the Merger Consideration.

(b) If prior to the Effective Time, any event occurs with respect to Stanley or any Stanley Subsidiary, or any change occurs with respect to other information supplied by Stanley for inclusion in the Joint Proxy Statement or the Form S-4, which is required to be described in an amendment of, or a supplement to, the Joint Proxy Statement or the Form S-4, Stanley shall promptly notify Black & Decker of such event, and Stanley and Black & Decker shall cooperate in the prompt filing with the SEC of any necessary amendment or supplement to the Joint Proxy Statement or the Form S-4 and, as required by Law, in disseminating the information contained in such amendment or supplement to Stanley's shareholders and Black & Decker's stockholders. Nothing in this Section 6.01(b) shall limit the obligations of any party under Section 6.01(a).

(c) If prior to the Effective Time, any event occurs with respect to Black & Decker or any Black & Decker Subsidiary, or any change occurs with respect to other information supplied by Black & Decker for inclusion in the Joint Proxy Statement or the Form S-4, which is required to be described in an amendment of, or a supplement to, the Joint Proxy Statement or the Form S-4, Black & Decker shall promptly notify Stanley of such event, and Black & Decker and Stanley shall cooperate in the prompt filing with the SEC of any necessary amendment or supplement to the Joint Proxy Statement or the Form S-4 and, as required by Law, in disseminating the information contained in such amendment or supplement to Stanley's shareholders and Black & Decker's stockholders. Nothing in this Section 6.01(c) shall limit the obligations of any party under Section 6.01(a).

(d) Stanley shall, as soon as practicable following the date of this Agreement, duly call, give notice of, convene and hold the Stanley Shareholders Meeting for the sole purpose of seeking the Stanley Shareholder Approval and the Stanley Articles Amendment Approval. Stanley shall use its commercially reasonable efforts to (i) cause the Joint Proxy Statement to be mailed to Stanley's shareholders and to hold the Stanley Shareholders Meeting as soon as practicable after the Form S-4 is declared effective under the Securities Act and (ii) solicit the Stanley Shareholder Approval and Stanley Articles Amendment Approval. Stanley shall, through the Stanley Board, recommend to its shareholders that they give the Stanley Shareholder Approval and Stanley Articles Amendment Approval and shall include such recommendation in the Joint Proxy Statement, except to the extent that the Stanley Board shall have made a Stanley Adverse Recommendation Change as permitted by Section 5.02(b). Except as expressly contemplated by the foregoing sentence, Stanley agrees that its obligations pursuant to this Section 6.01 shall not be affected by the commencement, public proposal, public disclosure or communication to Stanley of any Stanley Takeover Proposal or by the making of any Stanley Adverse Recommendation Change by the Stanley Board.

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(e) Black & Decker shall, as soon as practicable following the date of this Agreement, duly call, give notice of, convene and hold the Black & Decker Stockholders Meeting for the sole purpose of seeking the Black & Decker Stockholder Approval. Black & Decker shall use its commercially reasonable efforts to (i) cause the Joint Proxy Statement to be mailed to Black & Decker's stockholders as promptly as practicable after the Form S-4 is declared effective under the Securities Act and to hold the Black & Decker Stockholders Meeting as soon as practicable after the Form S-4 becomes effective and (ii) solicit the Black & Decker Stockholder Approval. Black & Decker shall, through the Black & Decker Board, recommend to its stockholders that they give the Black & Decker Stockholder Approval and shall include such recommendation in the Joint Proxy Statement, except to the extent that the Black & Decker Board shall have made a Black & Decker Adverse Recommendation Change as permitted by Section 5.03(b). Except as expressly contemplated by the foregoing sentence, Black & Decker agrees that its obligations pursuant to this Section 6.01 shall not be affected by the commencement, public proposal, public disclosure or communication to Black & Decker of any Black & Decker Takeover Proposal or by the making of any Black & Decker Adverse Recommendation Change by the Black & Decker Board.

(f) Stanley and Black & Decker shall each use their commercially reasonable efforts to hold the Stanley Shareholders Meeting and Black & Decker Stockholders Meeting on the same day at the same time.

Section 6.02. Access to Information; Confidentiality. Subject to applicable Law, each of Stanley and Black & Decker shall, and shall cause each of its respective Subsidiaries to, afford to the other party and to the Representatives of such other party reasonable access during the period prior to the Effective Time to all their respective properties, books, contracts, commitments, personnel and records and, during such period, each of Stanley and Black & Decker shall, and shall cause each of its respective Subsidiaries to, furnish promptly to the other party (a) a copy of each report, schedule, registration statement and other document filed by it during such period pursuant to the requirements of Federal or state securities laws and (b) all other information concerning its business, properties and personnel as such other party may reasonably request; provided, however, that either party may withhold any document or information that is subject to the terms of a confidentiality agreement with a third party (provided that the withholding party shall use its commercially reasonable efforts to obtain the required consent of such third party to such access or disclosure) or subject to any attorney-client privilege (provided that the withholding party shall use its commercially reasonable efforts to allow for such access or disclosure (or as much of it as possible) in a manner that does not result in a loss of attorney-client privilege). If any material is withheld by such party pursuant to the proviso to the preceding sentence, such party shall inform the other party as to the general nature of what is being withheld. All information exchanged pursuant to this Section 6.02 shall be subject to the confidentiality agreement dated July 22, 2009, between Stanley and Black & Decker (the Confidentiality Agreement).

Section 6.03. Required Actions. (a) Subject to the terms hereof, including Section 6.03(c), Stanley and Black & Decker shall each use reasonable best efforts to (i) take, or cause to be taken, all actions, and do, or cause to be done, and to assist and cooperate with the other party in doing, all things necessary, proper or advisable to consummate and make effective the transactions contemplated hereby as promptly as practicable, (ii) as promptly as practicable, obtain from any Governmental Entity or any other third party any consents, licenses, permits, waivers, approvals, authorizations or orders required to be obtained or made by Stanley or Black & Decker or any of their respective Subsidiaries in connection with the authorization, execution and delivery of this Agreement and the consummation of the transactions contemplated hereby, (iii) defend any lawsuits or other legal proceedings, whether judicial or administrative, challenging this Agreement or the consummation of the transactions contemplated hereby, including seeking to have any stay or temporary restraining order entered by any court or other Governmental Entity vacated or reversed, (iv) as promptly as practicable, make all necessary filings, and thereafter make any other required submissions, with respect to this Agreement and the Merger required under (A) the Securities Act and the Exchange Act, and any other applicable Federal or state securities laws, and (B) any other applicable Law and (v) execute or deliver any additional instruments necessary to consummate the transactions contemplated by, and to fully carry out the purposes of, this Agreement. Stanley and Black & Decker shall cooperate with each other in connection with the

making of all such filings, including providing copies of all such documents to the non-filing party and its advisors prior to filing and, if requested, accepting all reasonable additions, deletions or changes suggested in

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connection therewith. Stanley and Black & Decker shall use their respective reasonable best efforts to furnish to each other all information required for any application or other filing to be made pursuant to any applicable Law in connection with the transactions contemplated by this Agreement.

(b) In connection with and without limiting Section 6.03(a), Black & Decker and the Black & Decker Board and Stanley and the Stanley Board shall (i) take all action reasonably appropriate to ensure that no state takeover statute or similar statute or regulation is or becomes applicable to this Agreement or any transaction contemplated by this Agreement and (ii) if any state takeover statute or similar statute or regulation becomes applicable to this Agreement or any transaction contemplated by this Agreement, take all action reasonably appropriate to ensure that the Merger and the other transactions contemplated by this Agreement may be consummated as promptly as practicable on the terms contemplated by this Agreement.

(c) Upon the terms and subject to the terms and conditions of this Agreement, Stanley and Black & Decker agree, and shall cause each of their respective Subsidiaries, to cooperate and to use their respective reasonable best efforts to obtain any Consents of any Governmental Entity, and to make any registrations, declarations, notices or filings, if any, necessary for Closing under the HSR Act, and any other Federal, state or foreign Law designed to prohibit, restrict or regulate actions for the purpose or effect of monopolization, restraint of trade or regulation of foreign investment (collectively Antitrust Laws), to respond to any requests of any Governmental Entity for information under any Antitrust Law, to secure the expiration or termination of any applicable waiting period, to resolve any objections asserted with respect to the transactions contemplated by this Agreement raised by any Governmental Entity and to contest and resist any action, including any legislative, administrative or judicial action, and to prevent the entry of any court order and to have vacated, lifted, reversed or overturned any Judgment (whether temporary, preliminary or permanent) that restricts, prevents or prohibits the consummation of the Merger or any other transactions contemplated by this Agreement under any Antitrust Law. The parties hereto will consult and cooperate with one another, and consider in good faith the views of one another, in connection with any analyses, appearances, presentations, memoranda, briefs, responses, arguments, opinions and proposals made or submitted by or on behalf of any party hereto in connection with proceedings under or relating to any Antitrust Law. Notwithstanding the foregoing or any other provision of this Agreement, Stanley and Black & Decker shall not be required to agree to Divestitures of any assets of Stanley or Black & Decker; provided, however, that notwithstanding the provisions of Section 5.01, Stanley and Black & Decker shall agree to Divestitures, to the extent necessary, of assets that individually or in the aggregate would not be material in relation to the Black & Decker Power Tools and Accessories segment (or, with respect to any Stanley assets proposed to be subject to Divestiture, comparably sized assets of Stanley). No actions taken pursuant to this Section 6.03(c) shall be considered for purposes of determining whether a Black & Decker Material Adverse Effect or Stanley Material Adverse Effect has occurred.

Section 6.04. Stock Awards. (a) As soon as practicable following the date of this Agreement, the Black & Decker Board (or, if appropriate, any committee administering the Black & Decker Stock Plans) shall adopt such resolutions or take such other actions (including obtaining any required Consents) as may be required to effect the following (except, with regard to Nolan D. Archibald, as may be set forth in the Executive Chairman Agreement):

(i) adjust the terms of each outstanding Black & Decker Stock Option to provide that, at the Effective Time, each such Black & Decker Stock Option (and, if applicable, related Black & Decker LSAR), whether vested or unvested, outstanding immediately prior to the Effective Time shall be converted into, and shall constitute, an option to acquire, on the same terms and conditions as were applicable to such Black & Decker Stock Option immediately prior to the Effective Time, the number of shares of Stanley Common Stock (rounded down to the nearest whole share) determined by multiplying the number of shares of Black & Decker Common Stock subject to such Black & Decker Stock Option by the Exchange Ratio, at an exercise price per share of Stanley Common Stock, rounded up to the nearest whole cent, equal to (A) the per share exercise price for the shares of Black & Decker Common Stock otherwise purchasable pursuant to such Black & Decker Stock Option divided by (B) the Exchange Ratio (each, as so

adjusted, an Adjusted Option);

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(ii) adjust the terms of all outstanding Black & Decker Restricted Stock Units to provide that, at the Effective Time, each Black & Decker Restricted Stock Unit outstanding immediately prior to the Effective Time that did not become fully vested and converted into Black & Decker Common Stock upon execution of this Agreement shall be deemed to be fully vested and converted into the number of shares of Stanley Common Stock, rounded down to the nearest whole share, determined by multiplying the number of shares of Black & Decker Common Stock subject to such Black & Decker Restricted Stock Unit by the Exchange Ratio, which shares of Stanley Common Stock shall be delivered to the holders of Black & Decker Restricted Stock Units at or as soon as practicable following the Effective Time;

(iii) adjust the terms of all outstanding Black & Decker Restricted Shares to provide that, at the Effective Time, each Black & Decker Restricted Share outstanding immediately prior to the Effective Time that did not become fully vested and converted into Black & Decker Common Stock upon execution of this Agreement shall be deemed to be fully vested immediately prior to the Effective Time; and

(iv) each participant in the Black & Decker Directors' Deferred Compensation Plan shall be paid his or her account balance thereunder within 60 days following the Effective Time.

(b) All adjustments to Black & Decker Options and Black & Decker Restricted Stock Units pursuant to this Section 6.04 shall be in accordance with, and no amounts shall be payable in respect thereto prior to the time permissible under, the requirements under Section 409A of the Code and the regulations thereunder.

(c) At the Effective Time, Stanley shall assume all of the obligations of Black & Decker under the Black & Decker Stock Plans and the agreements evidencing the grants thereof. As soon as practicable after the Effective Time, Stanley shall deliver to the holders of Black & Decker Stock Options appropriate notices setting forth such holders' rights pursuant to the respective Black & Decker Stock Plans, and the agreements evidencing the grants of such Black & Decker Stock Options shall continue in effect on the same terms and conditions (subject to the adjustments required by this Section 6.04 after giving effect to the Merger). Stanley shall comply with the terms of the Black & Decker Stock Plans and shall use commercially reasonable efforts to ensure, to the extent required by, and subject to the provisions of, such Black & Decker Stock Plans, that the Black & Decker Stock Options that qualified as incentive stock options (within the meaning of Section 422 of the Code) prior to the Effective Time continue to qualify as incentive stock options (within the meaning of Section 422 of the Code) after the Effective Time.

(d) All amounts payable pursuant to this Section 6.04 shall be subject to any required withholding of Taxes and shall be paid without interest.

(e) Stanley shall take all corporate action necessary to reserve for issuance a sufficient number of shares of Stanley Common Stock for delivery (i) with respect to the Black & Decker Restricted Shares and Black & Decker Restricted Stock Units and (ii) in connection with the exercise of the Adjusted Options. Prior to the Effective Time, Stanley shall cause to be filed with the SEC a registration statement on Form S-8 (or another appropriate form) registering (to the extent permitted under applicable Law) a number of shares of Stanley Common Stock equal to the number of shares of Stanley Common Stock subject to the Adjusted Options and that will be received by holders of Black & Decker Restricted Shares and Black & Decker Restricted Stock Units pursuant to Section 6.04(a). Stanley shall use reasonable efforts to maintain (to the extent permitted under applicable Law) the effectiveness of such registration statement (and maintain the current status of the prospectus or prospectuses contained therein) for so long as any Adjusted Options remain outstanding. Black & Decker shall cooperate with, and assist Stanley in the preparation of, such registration statement.

Section 6.05. Indemnification, Exculpation and Insurance. (a) Stanley agrees that all rights to indemnification, advancement of expenses and exculpation from liabilities for acts or omissions occurring at or prior to the Effective

Time now existing in favor of the current or former directors or officers of Black & Decker and the Black & Decker Subsidiaries (each, an Indemnified Person) as provided in their respective charters or bylaws (or comparable organizational documents) and any indemnification or other similar agreements of Black & Decker or any of the Black & Decker Subsidiaries, in each case as in effect on the date of this Agreement, shall be assumed by Stanley in the Merger, without further action, as of the Effective

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Time and shall survive the Merger and shall continue in full force and effect in accordance with their terms, and for a period of six years from and after the Effective Time shall not be amended, repealed or otherwise modified in any manner that would adversely affect any right thereunder of any such Indemnified Person. Stanley shall cause (i) the Surviving Company to honor all such obligations and (ii) the charter and bylaws of the Surviving Company to contain provisions no less favorable with respect to indemnification, advancement of expenses and exculpation of current and former directors and officers of Black & Decker and the Black & Decker Subsidiaries than are presently set forth in the Black & Decker Articles and Black & Decker Bylaws, and such provisions shall not be amended, repealed or otherwise modified in any manner that would adversely affect any right thereunder of any person benefited by such provisions.

(b) In the event that Stanley or any of its successors or assigns (i) consolidates with or merges into any other Person and is not the continuing or surviving corporation or entity of such consolidation or merger or (ii) transfers or conveys all or substantially all of its assets to any Person, then, and in each such case, Stanley shall cause proper provision to be made so that the successors and assigns of Stanley assume the obligations set forth in this Section 6.05 contemporaneous with the closing of any such consolidation, merger, transfer or conveyance.

(c) At or prior to the Effective Time, Stanley shall purchase a tail directors and officers liability insurance policy for Black & Decker and the Black & Decker Subsidiaries and their current and former directors, officers and employees who are currently covered by the directors and officers liability insurance coverage currently maintained by Black & Decker or the Black & Decker Subsidiaries in a form reasonably acceptable to Black & Decker that shall provide such directors, officers and employees with coverage for six years following the Effective Time of not less than the existing coverage and have other terms not less favorable to the insured persons than the directors and officers liability insurance coverage currently maintained by Black & Decker or the Black & Decker Subsidiaries. Stanley shall maintain such policy in full force and effect, and continue to honor the obligations thereunder.

(d) The provisions of this Section 6.05 (i) shall survive consummation of the Merger, (ii) are intended to be for the benefit of, and will be enforceable by, each indemnified or insured party, his or her heirs and his or her representatives and (iii) are in addition to, and not in substitution for, any other rights to indemnification or contribution that any such Person may have by contract or otherwise, including under the terms of the respective charters or bylaws or comparable organizational documents of Black & Decker and the Black & Decker Subsidiaries.

Section 6.06. *Fees and Expenses.* (a) Except as provided below, all fees and expenses incurred in connection with the Merger and the other transactions contemplated by this Agreement shall be paid by the party incurring such fees or expenses, whether or not such transactions are consummated.

(b) Stanley shall pay to Black & Decker a fee of \$125,000,000 (the Stanley Termination Fee) if:

(i) Black & Decker terminates this Agreement pursuant to Section 8.01(e); or

(ii) (A) prior to the Stanley Shareholders Meeting, a Stanley Takeover Proposal shall have been made to Stanley and shall have become publicly known or shall have been made directly to the shareholders of Stanley generally or shall otherwise become publicly known or any Person shall have publicly announced an intention (whether or not conditional) to make a Stanley Takeover Proposal, (B) this Agreement is terminated pursuant to Section 8.01(b)(i) (only to the extent that the Stanley Shareholders Meeting has not been held) or Section 8.01(b)(iii) and (C) within 12 months of such termination Stanley enters into a definitive Contract to consummate a Stanley Takeover Proposal or any Stanley Takeover Proposal is consummated. For the purposes of Section 6.06(b)(ii)(C) only, the term Stanley Takeover Proposal shall have the meaning assigned to such term in Section 5.02(e) except that all references to 10% therein shall be deemed to be references to 50% .

Any Stanley Termination Fee due under this Section 6.06(b) shall be paid by wire transfer of same-day funds (x) in the case of clause (i) above, on the Business Day immediately following the date of termination of this Agreement and (y) in the case of clause (ii) above, on the date of the first to occur of the events referred to in clause (ii)(C) above.

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(c) Black & Decker shall pay to Stanley a fee of \$125,000,000 (the Black & Decker Termination Fee) if:

(i) Stanley terminates this Agreement pursuant to Section 8.01(f); or

(ii) (A) prior to the Black & Decker Stockholders Meeting, a Black & Decker Takeover Proposal shall have been made to Black & Decker and shall have become publicly known or shall have been made directly to the stockholders of Black & Decker generally or shall otherwise become publicly known or any Person shall have publicly announced an intention (whether or not conditional) to make a Black & Decker Takeover Proposal, (B) this Agreement is terminated pursuant to Section 8.01(b)(i) (only to the extent that the Black & Decker Stockholders Meeting has not been held) or Section 8.01(b)(iv) and (C) within 12 months of such termination Black & Decker enters into a definitive Contract to consummate a Black & Decker Takeover Proposal or a Black & Decker Takeover Proposal is consummated. For the purposes of Section 6.06(c)(ii)(C) only, the term Black & Decker Takeover Proposal shall have the meaning assigned to such term in Section 5.03(e) except that all references to 10% therein shall be deemed to be references to 50% .

Any Black & Decker Termination Fee due under this Section 6.06(c) shall be paid by wire transfer of same-day funds (x) in the case of clause (i) above, on the Business Day immediately following the date of termination of this Agreement and (y) in the case of clause (ii) above, on the date of the first to occur of the events referred to in clause (ii)(C) above.

(d) Stanley and Black & Decker acknowledge and agree that the agreements contained in Sections 6.06(b) and 6.06(c) are an integral part of the transactions contemplated by this Agreement, and that, without these agreements, neither Black & Decker nor Stanley would enter into this Agreement. Accordingly, if Stanley fails promptly to pay the amount due pursuant to Section 6.06(b) or Black & Decker fails promptly to pay the amount due pursuant to Section 6.06(c), and, in order to obtain such payment, the Person owed such payment commences a suit, action or other proceeding that results in a Judgment in its favor for such payment, the Person owing such payment shall pay to the Person owed such payment its costs and expenses (including attorneys fees and expenses) in connection with such suit, action or other proceeding, together with interest on the amount of such payment from the date such payment was required to be made until the date of payment at the rate of 3-month LIBOR as of the date such payment was required to be made plus 1%.

Section 6.07. Certain Tax Matters. (a) Black & Decker, Stanley and Merger Sub shall each use its commercially reasonable efforts to cause the Merger to qualify for the Intended Tax Treatment, including by (i) not taking any action that such party knows is reasonably likely to prevent such qualification and (ii) executing such amendments to this Agreement as may be reasonably required in order to obtain such qualification (it being understood that no party will be required to agree to any such amendment). Each of Black & Decker and Stanley will report the Merger and the other transactions contemplated by this Agreement in a manner consistent with the Intended Tax Treatment.

(b) Black & Decker, Stanley and Merger Sub shall each use its commercially reasonable efforts to obtain the Tax opinions described in Sections 7.02(d) and 7.03(d), including by making representations and covenants requested by Tax counsel in order to render such Tax opinions. Each of Black & Decker, Stanley and Merger Sub shall use its commercially reasonable efforts not to take or cause to be taken any action that would cause to be untrue (or fail to take or cause not to be taken any action which inaction would cause to be untrue) any of the representations and covenants made to Tax counsel in furtherance of such Tax opinions.

Section 6.08. Transaction Litigation. Black & Decker shall give Stanley the opportunity to participate in the defense or settlement of any stockholder litigation against Black & Decker or its directors relating to the Merger and the other transactions contemplated by this Agreement, and no such settlement shall be agreed to without the prior written consent of Stanley, which consent shall not be unreasonably withheld, conditioned or delayed. Stanley shall give

Black & Decker the opportunity to participate in the defense or settlement of any shareholder litigation against Stanley or its directors relating to the Merger and the other transactions contemplated by this Agreement, and no such settlement shall be agreed to without the prior written consent of Black & Decker, which consent shall not be unreasonably withheld, conditioned or delayed.

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Section 6.09. Section 16 Matters. Prior to the Effective Time, Black & Decker, Stanley and Merger Sub each shall take all such steps as may be required to cause (a) any dispositions of Black & Decker Common Stock (including derivative securities with respect to Black & Decker Common Stock) resulting from the Merger and the other transactions contemplated by this Agreement, by each individual who will be subject to the reporting requirements of Section 16(a) of the Exchange Act with respect to Black & Decker immediately prior to the Effective Time, to be exempt under Rule 16b-3 promulgated under the Exchange Act and (b) any acquisitions of Stanley Common Stock (including derivative securities with respect to Stanley Common Stock) resulting from the Merger and the other transactions contemplated by this Agreement, by each individual who may become or is reasonably expected to become subject to the reporting requirements of Section 16(a) of the Exchange Act with respect to Stanley immediately following the Effective Time, to be exempt under Rule 16b-3 promulgated under the Exchange Act.

Section 6.10. Governance Matters. Black & Decker and Stanley shall cause the matters set forth on Exhibit C to occur.

Section 6.11. Public Announcements. Except with respect to any Black & Decker Adverse Recommendation Change or Stanley Adverse Recommendation Change made in accordance with the terms of this Agreement, Stanley and Black & Decker shall consult with each other before issuing, and give each other the opportunity to review and comment upon, any press release or other public statements with respect to the transactions contemplated by this Agreement, including the Merger, and shall not issue any such press release or make any such public statement prior to such consultation, except as such party may reasonably conclude may be required by applicable Law, court process or by obligations pursuant to any listing agreement with any national securities exchange or national securities quotation system. Black & Decker and Stanley agree that the initial press release to be issued with respect to the transactions contemplated by this Agreement shall be in the form heretofore agreed to by the parties.

Section 6.12. Stock Exchange Listing. Stanley shall use its commercially reasonable efforts to cause the shares of Stanley Common Stock to be issued in the Merger and any shares of Stanley Common Stock issuable following the Effective Time in respect of rights under the Black & Decker Stock Plans to be approved for listing on the NYSE, subject to official notice of issuance, prior to the Closing Date.

Section 6.13. Employee Matters. (a) From the Effective Time through December 31, 2010, the employees of Black & Decker and the Black & Decker Subsidiaries who remain in the employment of Stanley and the Stanley Subsidiaries (including Black & Decker and any Black & Decker Subsidiary) (the Continuing Employees) shall receive compensation and benefits that are comparable in the aggregate to the compensation and benefits provided to such employees of Black & Decker and the Black & Decker Subsidiaries immediately prior to the Effective Time.

(b) With respect to any employee benefit plan maintained by Stanley or any of the Stanley Subsidiaries in which Continuing Employees and their eligible dependents will be eligible to participate from and after the Effective Time, for all purposes, including determining eligibility to participate, level of benefits including benefit accruals (other than benefit accruals under defined benefit plans) and vesting service recognized by Black & Decker and any Black & Decker Subsidiary immediately prior to the Effective Time shall be treated as service with Stanley or the Stanley Subsidiaries; provided, however, that such service need not be recognized to the extent that such recognition would result in any duplication of benefits.

(c) With respect to any welfare plan maintained by Stanley or any Stanley Subsidiary in which Continuing Employees are eligible to participate after the Effective Time, Stanley or such Stanley Subsidiary shall (i) waive all limitations as to preexisting conditions and exclusions with respect to participation and coverage requirements applicable to such employees to the extent such conditions and exclusions were satisfied or did not apply to such employees under the welfare plans of Black & Decker and the Black & Decker Subsidiaries prior to the Effective Time and (ii) provide each Continuing Employee with credit for any co-payments and deductibles paid and for out-of-pocket maximums

incurred prior to the Effective Time in satisfying any analogous deductible or out-of-pocket requirements to the extent applicable under any such plan.

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(d) Stanley shall, and shall cause the Stanley Subsidiaries to, honor, in accordance with its terms, each Black & Decker Benefit Plan and all obligations thereunder, including any rights or benefits arising as a result of the transactions contemplated hereby (either alone or in combination with any other event), and Stanley hereby acknowledges that, if and to the extent a change of control or change in control is not deemed to have occurred as of the execution of this Agreement, the consummation of the Merger constitutes a change of control or a change in control, as the case may be, for all purposes under such Black & Decker Benefit Plans.

(e) Nothing contained herein shall be construed as requiring, and Black & Decker shall take no action that would have the effect of requiring, Stanley to continue any specific plans or to continue the employment of any specific person. Furthermore, no provision of this Agreement shall be construed as prohibiting or limiting the ability of Stanley to amend, modify or terminate any plans, programs, policies, arrangements, agreements or understandings of Stanley or Black & Decker. Without limiting the scope of Section 9.07, nothing in this Section 6.13 shall confer any rights or remedies of any kind or description upon any Continuing Employee or any other person other than the parties hereto and their respective successors and assigns.

Section 6.14. Obligations of Merger Sub. Stanley shall cause Merger Sub to perform its obligations under this Agreement and to consummate the transactions contemplated hereby upon the terms and subject to the conditions set forth in this Agreement.

Section 6.15. Assistance in Financing Efforts of Stanley. Black & Decker shall cooperate with Stanley in connection with any action taken by Stanley related to the replacement of any credit facility or other Indebtedness of Black & Decker that will not continue after the Effective Time, including any increase in the size of, or any other amendment to, Stanley's credit facilities. In connection therewith, Black & Decker shall use its commercially reasonable efforts to, among other things (a) provide information relating to itself and the Black & Decker Subsidiaries reasonably requested by Stanley, (b) participate in a reasonable number of meetings and sessions with rating agencies and potential financing sources, and (c) assist Stanley in seeking to obtain benefits from the existing lending relationships of Black & Decker and the Black & Decker Subsidiaries.

Section 6.16. Bylaws of the Surviving Company. Black & Decker shall take or cause to be taken all corporate action necessary for the Surviving Company Bylaws to be the bylaws of the Surviving Company from and after the Effective Time in accordance with Section 1.05.

ARTICLE VII

Conditions Precedent

Section 7.01. Conditions to Each Party's Obligation to Effect the Merger. The respective obligation of each party to effect the Merger is subject to the satisfaction or waiver on or prior to the Closing Date of the following conditions:

(a) Shareholder and Stockholder Approvals. The Stanley Shareholder Approval, the Stanley Articles Amendment Approval and the Black & Decker Stockholder Approval shall have been obtained.

(b) Listing. The shares of Stanley Common Stock issuable as Merger Consideration pursuant to this Agreement, and any shares of Stanley Common Stock issuable following the Effective Time in respect of rights under the Black & Decker Stock Plans, shall have been approved for listing on the NYSE, subject to official notice of issuance.

(c) Antitrust. All authorizations, consents, orders or approvals of, or declarations or filings with, or expirations of waiting periods imposed by, any Governmental Entity necessary under any Antitrust Law in connection with the Merger and the consummation of the other transactions contemplated by this Agreement, if any, shall have been filed,

been obtained or occurred.

(d) No Legal Restraints. No applicable Law and no Judgment, preliminary, temporary or permanent, or other legal restraint or prohibition (collectively, the Legal Restraints) shall be in effect that prevents the

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consummation of the Merger or that would reasonably be expected to result, directly or indirectly, in (i) any prohibition or limitation on the ownership or operation by Black & Decker, Stanley or any of their respective Subsidiaries of any portion of the business, properties or assets of Black & Decker, Stanley or any of their respective Subsidiaries, (ii) Black & Decker, Stanley or any of their respective Subsidiaries being compelled to dispose of or hold separate any portion of the business, properties or assets of Black & Decker, Stanley or any of their respective Subsidiaries, in each case as a result of the Merger, (iii) any prohibition or limitation on the ability of Stanley to acquire or hold, or exercise full right of ownership of, any shares of the capital stock of the Surviving Company or the Black & Decker Subsidiaries, including the right to vote, or (iv) any prohibition or limitation on Stanley effectively controlling the business or operations of Black & Decker and the Black & Decker Subsidiaries, other than, in each of clauses (i) through (iv), with respect to any assets of Stanley or Black & Decker that individually or in the aggregate would not be material in relation to the Black & Decker Power Tools and Accessories segment (or, with respect to any Stanley assets that are the subject of the foregoing clauses, comparably sized assets of Stanley).

(e) Form S-4. The Form S-4 shall have become effective under the Securities Act and shall not be the subject of any stop order or proceedings seeking a stop order, and Stanley shall have received all state securities or blue sky authorizations necessary for the issuance of the Merger Consideration.

Section 7.02. Conditions to Obligations of Black & Decker. The obligation of Black & Decker to consummate the Merger is further subject to the following conditions:

(a) Representations and Warranties. The representations and warranties of Stanley and Merger Sub contained in this Agreement (except for the representations and warranties contained in Section 3.03) shall be true and correct (without giving effect to any limitation as to materiality or Stanley Material Adverse Effect set forth therein) at and as of the date of this Agreement and at and as of the Closing Date as if made at and as of such time (except to the extent expressly made as of an earlier date, in which case as of such earlier date), except where the failure of such representations and warranties to be true and correct (without giving effect to any limitation as to materiality or Stanley Material Adverse Effect set forth therein), individually or in the aggregate, has not had and would not reasonably be expected to have a Stanley Material Adverse Effect, and the representations and warranties of Stanley and Merger Sub contained in Section 3.03 shall be true and correct in all material respects at and as of the date of this Agreement and at and as of the Closing Date as if made at and as of such time (except to the extent expressly made as of an earlier date, in which case as of such earlier date). Black & Decker shall have received a certificate signed on behalf of each of Stanley and Merger Sub by an executive officer of each of Stanley and Merger Sub, respectively, to such effect.

(b) Performance of Obligations of Stanley and Merger Sub. Stanley and Merger Sub shall have performed in all material respects all material obligations required to be performed by them under this Agreement at or prior to the Closing Date, and Black & Decker shall have received a certificate signed on behalf of each of Stanley and Merger Sub by an executive officer of each of Stanley and Merger Sub, respectively, to such effect.

(c) Absence of Stanley Material Adverse Effect. Since the date of this Agreement, there shall not have occurred any event or development that, individually or in the aggregate, has had or would reasonably be expected to have a Stanley Material Adverse Effect.

(d) Tax Opinion. Black & Decker shall have received the opinion of Hogan & Hartson LLP, or such other nationally recognized Tax counsel reasonably satisfactory to Black & Decker, as of the date on which the Form S-4 is declared effective and as of the Closing Date to the effect that the Merger will qualify for the Intended Tax Treatment. In rendering the opinion described in this Section 7.02(d), the Tax counsel rendering such opinion may require and rely upon (and may incorporate by reference) reasonable and customary representations and covenants, including those contained in certificates of officers of Black & Decker, Stanley and Merger Sub.

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Section 7.03. Conditions to Obligation of Stanley. The obligation of Stanley and Merger Sub to consummate the Merger is further subject to the following conditions:

(a) Representations and Warranties. The representations and warranties of Black & Decker contained in this Agreement (except for the representations and warranties contained in Section 4.03) shall be true and correct (without giving effect to any limitation as to materiality or Black & Decker Material Adverse Effect set forth therein) at and as of the date of this Agreement and at and as of the Closing Date as if made at and as of such time (except to the extent expressly made as of an earlier date, in which case as of such earlier date), except where the failure of such representations and warranties to be true and correct (without giving effect to any limitation as to materiality or Black & Decker Material Adverse Effect set forth therein), individually or in the aggregate, has not had and would not reasonably be expected to have a Black & Decker Material Adverse Effect, and the representations and warranties of Black & Decker contained in Section 4.03 shall be true and correct in all material respects at and as of the date of this Agreement and at and as of the Closing Date as if made at and as of such time (except to the extent expressly made as of an earlier date, in which case as of such earlier date). Stanley shall have received a certificate signed on behalf of Black & Decker by an executive officer of Black & Decker to such effect.

(b) Performance of Obligations of Black & Decker. Black & Decker shall have performed in all material respects all material obligations required to be performed by it under this Agreement at or prior to the Closing Date, and Stanley shall have received a certificate signed on behalf of Black & Decker by an executive officer of Black & Decker to such effect.

(c) Absence of Black & Decker Material Adverse Effect. Since the date of this Agreement, there shall not have occurred any event or development that, individually or in the aggregate, has had or would reasonably be expected to have a Black & Decker Material Adverse Effect.

(d) Tax Opinion. Stanley shall have received the opinion of Cravath, Swaine & Moore LLP, or such other nationally recognized Tax counsel reasonably satisfactory to Stanley, as of the date on which the Form S-4 is declared effective and as of the Closing Date to the effect that the Merger will qualify for the Intended Tax Treatment. In rendering the opinion described in this Section 7.03(d), the Tax counsel rendering such opinion may require and rely upon (and may incorporate by reference) reasonable and customary representations and covenants, including those contained in certificates of officers of Black & Decker, Stanley and Merger Sub.

ARTICLE VIII

Termination, Amendment and Waiver

Section 8.01. Termination. This Agreement may be terminated at any time prior to the Effective Time, whether before or after receipt of the Stanley Shareholder Approval, the Stanley Articles Amendment Approval or the Black & Decker Stockholder Approval:

(a) by mutual written consent of Black & Decker and Stanley;

(b) by either Black & Decker or Stanley:

(i) if the Merger is not consummated on or before the End Date. The End Date shall mean June 30, 2010; provided, however, that if on June 30, 2010 the conditions to Closing set forth in any or all of Section 7.01(c) or 7.01(d) shall not have been satisfied or waived but all other conditions to Closing shall have been satisfied or waived (or in the case of conditions that by their nature are to be satisfied at the Closing, shall be capable of being satisfied on such date), then the End Date shall be automatically extended to September 30, 2010; and provided, further that the right to

terminate this Agreement under this Section 8.01(b)(i) shall not be available to any party if such failure of the Merger to occur on or before the End Date is the result of a breach of this Agreement by such party (including, in the case of Stanley, Merger Sub) or the failure of any representation or warranty of such party (including, in the case of Stanley, Merger Sub) contained in this Agreement to be true and correct;

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(ii) if the condition set forth in Section 7.01(d) is not satisfied and the Legal Restraint giving rise to such non-satisfaction shall have become final and non-appealable; provided that the terminating party shall have complied with its obligations to use its reasonable best efforts pursuant to Section 6.03;

(iii) if the Stanley Shareholder Approval or the Stanley Articles Amendment Approval is not obtained at the Stanley Shareholders Meeting duly convened (unless such Stanley Shareholders Meeting has been adjourned, in which case at the final adjournment thereof); or

(iv) if the Black & Decker Stockholder Approval is not obtained at the Black & Decker Stockholders Meeting duly convened (unless such Black & Decker Stockholders Meeting has been adjourned, in which case at the final adjournment thereof);

(c) by Black & Decker, if Stanley or Merger Sub breaches or fails to perform any of its covenants or agreements contained in this Agreement, or if any of the representations or warranties of Stanley or Merger Sub contained herein fails to be true and correct, which breach or failure (i) would give rise to the failure of a condition set forth in Section 7.02(a) or 7.02(b) and (ii) is not reasonably capable of being cured by the End Date or, if reasonably capable of being cured, Stanley or Merger Sub, as the case may be, is not diligently attempting, or has ceased to diligently attempt, to cure such breach or failure after receiving written notice from Black & Decker (provided that Black & Decker is not then in breach of any covenant or agreement contained in this Agreement and no representation or warranty of Black & Decker contained herein then fails to be true and correct such that the conditions set forth in Section 7.03(a) or 7.03(b) could not then be satisfied);

(d) by Stanley, if Black & Decker breaches or fails to perform any of its covenants or agreements contained in this Agreement, or if any of the representations or warranties of Black & Decker contained herein fails to be true and correct, which breach or failure (i) would give rise to the failure of a condition set forth in Section 7.03(a) or 7.03(b) and (ii) is not reasonably capable of being cured by the End Date or, if reasonably capable of being cured, Black & Decker is not diligently attempting, or has ceased to diligently attempt, to cure such breach or failure after receiving written notice from Stanley (provided that Stanley or Merger Sub is not then in breach of any covenant or agreement contained in this Agreement and no representation or warranty of Stanley or Merger Sub contained herein then fails to be true and correct such that the conditions set forth in Section 7.02(a) or 7.02(b) could not then be satisfied);

(e) by Black & Decker, in the event that a Stanley Adverse Recommendation Change shall have occurred; provided that Black & Decker shall no longer be entitled to terminate this Agreement pursuant to this Section 8.01(e) if the Stanley Shareholder Approval and the Stanley Articles Amendment Approval are obtained at the Stanley Shareholders Meeting; or

(f) by Stanley, in the event that a Black & Decker Adverse Recommendation Change shall have occurred; provided that Stanley shall no longer be entitled to terminate this Agreement pursuant to this Section 8.01(f) if the Black & Decker Stockholder Approval is obtained at the Black & Decker Stockholders Meeting.

Section 8.02. Effect of Termination. In the event of termination of this Agreement by either Stanley or Black & Decker as provided in Section 8.01, this Agreement shall forthwith become void and have no effect, without any liability or obligation on the part of Black & Decker, Stanley or Merger Sub, other than Section 3.18, Section 4.18, the last sentence of Section 6.02, Section 6.06, this Section 8.02 and Article IX, which provisions shall survive such termination indefinitely, and except in the case of fraud or any willful and material breach by a party of any representation, warranty, covenant or agreement set forth in this Agreement. For purposes of this Agreement, willful and material breach means a deliberate act or failure to act, which act or failure to act constitutes in and of itself a material breach of this Agreement that the breaching party is aware would or would reasonably be expected to breach its obligations under this Agreement.

Section 8.03. *Amendment.* This Agreement may be amended by the parties at any time before or after receipt of the Stanley Shareholder Approval, the Stanley Articles Amendment Approval or the Black & Decker Stockholder Approval; provided, however, that (i) after receipt of the Stanley Shareholder Approval and the Stanley Articles Amendment Approval, there shall be made no amendment that by Law requires

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further approval by the shareholders of Stanley without the further approval of such shareholders, (ii) after receipt of the Black & Decker Stockholder Approval, there shall be made no amendment that by Law requires further approval by the stockholders of Black & Decker without the further approval of such stockholders, (iii) no amendment shall be made to this Agreement after the Effective Time and (iv) except as provided above, no amendment of this Agreement shall require the approval of the shareholders of Stanley or the stockholders of Black & Decker. This Agreement may not be amended except by an instrument in writing signed on behalf of each of the parties.

Section 8.04. Extension; Waiver. At any time prior to the Effective Time, the parties may (a) extend the time for the performance of any of the obligations or other acts of the other parties, (b) waive any inaccuracies in the representations and warranties contained in this Agreement or in any document delivered pursuant to this Agreement, (c) waive compliance with any covenants and agreements contained in this Agreement or (d) waive the satisfaction of any of the conditions contained in this Agreement. No extension or waiver by Stanley shall require the approval of the shareholders of Stanley unless such approval is required by Law and no extension or waiver by Black & Decker shall require the approval of the stockholders of Black & Decker unless such approval is required by Law. Any agreement on the part of a party to any such extension or waiver shall be valid only if set forth in an instrument in writing signed on behalf of such party. The failure of any party to this Agreement to assert any of its rights under this Agreement or otherwise shall not constitute a waiver of such rights.

Section 8.05. Procedure for Termination, Amendment, Extension or Waiver. A termination of this Agreement pursuant to Section 8.01, an amendment of this Agreement pursuant to Section 8.03 or an extension or waiver pursuant to Section 8.04 shall, in order to be effective, require, in the case of Black & Decker, Stanley or Merger Sub, action by its Board of Directors, or the duly authorized designee of its Board of Directors. Termination of this Agreement prior to the Effective Time shall not require the approval of the shareholders of Stanley or the stockholders of Black & Decker.

ARTICLE IX

General Provisions

Section 9.01. Nonsurvival of Representations and Warranties. None of the representations and warranties in this Agreement or in any instrument delivered pursuant to this Agreement shall survive the Effective Time. This Section 9.01 shall not limit any covenant or agreement of a party which by its terms contemplates performance after the Effective Time.

Section 9.02. Notices. All notices, requests, claims, demands and other communications under this Agreement shall be in writing and shall be deemed given upon receipt by the parties at the following addresses (or at such other address for a party as shall be specified by like notice):

if to Black & Decker, to:

The Black & Decker Corporation
701 East Joppa Road
Towson, Maryland 21286
Facsimile: (410) 716-2660
Attention: Charles E. Fenton, Senior Vice President and General Counsel

with a copy (which shall not constitute notice) to:

Hogan & Hartson LLP
Harbor East
100 International Drive, Suite 2000
Baltimore, Maryland 21202
Facsimile: (410) 659-2701
Attention: Glenn C. Campbell, Esq.

if to Stanley or Merger Sub, to:

The Stanley Works
1000 Stanley Drive
New Britain, Connecticut 06053

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Facsimile: 860-827-3911

Attention: Bruce H. Beatt, Vice President, General Counsel and Secretary

with a copy (which shall not constitute notice) to:

Cravath, Swaine & Moore LLP

Worldwide Plaza

825 Eighth Avenue

New York, New York 10019

Facsimile: (212) 474-3700

Attention: Robert I. Townsend, III, Esq.

Mark I. Greene, Esq.

Section 9.03. Definitions. For purposes of this Agreement:

An Affiliate of any Person means another Person that directly or indirectly, through one or more intermediaries, controls, is controlled by, or is under common control with, such first Person.

Black & Decker LSARs means any limited tandem stock appreciation rights granted under a Black & Decker Stock Plan.

Black & Decker Material Adverse Effect means a Material Adverse Effect with respect to Black & Decker.

Black & Decker Performance Share Unit means any restricted stock unit that is subject to performance-based vesting or whose value is determined with reference to the value of shares of Black & Decker Common Stock, and granted under any Black & Decker Stock Plan.

Black & Decker Restricted Share means any award of Black & Decker Common Stock that is subject to restrictions based on performance or continuing service and granted under any Black & Decker Stock Plan.

Black & Decker Restricted Stock Unit means any restricted stock unit payable in shares of Black & Decker Common Stock or whose value is determined with reference to the value of shares of Black & Decker Common Stock and granted under any Black & Decker Stock Plan.

Black & Decker Stock Option means any option to purchase Black & Decker Common Stock granted under any Black & Decker Stock Plan.

Black & Decker Stock Plans means the Black & Decker 2003 Stock Option Plan, the Black & Decker 1996 Stock Option Plan, the Black & Decker 1992 Stock Option Plan, the Black & Decker 1989 Stock Option Plan, the Black & Decker 2008 Restricted Stock Plan, the Black & Decker 2004 Restricted Stock Plan, the Black & Decker Performance Equity Plan, the Black & Decker 1995 Stock Option Plan for Non-Employee Directors, and the Black & Decker Non-Employee Directors Stock Plan.

Business Day means any day other than (i) a Saturday or a Sunday or (ii) a day on which banking and savings and loan institutions are authorized or required by Law to be closed in New York City.

Code means the Internal Revenue Code of 1986, as amended.

A Divestiture of any asset means (i) any sale, transfer, license, separate holding, divestiture or other disposition, or any prohibition of, or any limitation on, the acquisition, ownership, operation, effective control or exercise of full rights of ownership, of such asset or (ii) the termination or amendment of any existing relationships or contractual rights.

Indebtedness means, with respect to any Person, without duplication, (i) all obligations of such Person for borrowed money, or with respect to unearned advances of any kind to such Person, (ii) all obligations of such Person evidenced by bonds, debentures, notes or similar instruments, (iii) all capitalized lease obligations of such Person, (iv) all guarantees and arrangements having the economic effect of a guarantee of such Person of any Indebtedness of any other Person, and (v) all obligations or undertakings of such Person to maintain or cause to be maintained the financial position of others or to purchase the obligations of others.

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The Knowledge of (a) Black & Decker means, with respect to any matter in question, the actual knowledge of the following officers of Black & Decker: Chairman, President and Chief Executive Officer; Senior Vice President and Chief Financial Officer; Senior Vice President and General Counsel; Senior Vice President Human Resources and Corporate Initiatives; Vice President Business Development; Vice President Investor Relations; and Treasurer and Vice President Taxes, and (b) Stanley or Merger Sub means, with respect to any matter in question, the actual knowledge of any of the following officers of Stanley: Chief Executive Officer; Chief Operating Officer; Chief Financial Officer; Treasurer; General Counsel; Vice President Corporate Tax; Vice President Business Development; and Vice President Human Resources. A fact is Known to a Person if that Person has Knowledge of the fact.

Material Adverse Effect with respect to any Person means any event or development that materially and adversely affects the business, properties, financial condition or results of operations of such Person and its Subsidiaries, taken as a whole, excluding any effect that is attributable to, results from or arises in connection with (a) changes or conditions generally affecting the industries in which such Person and any of its Subsidiaries operate, except to the extent such effect has a materially disproportionate effect on such Person and its Subsidiaries, taken as a whole, relative to others in the industries in which such Person and any of its Subsidiaries operate, (b) announcement of this Agreement or consummation of the transactions contemplated hereby (including any loss of customers or revenues in connection therewith), (c) the outbreak or escalation of hostilities or any acts of war, sabotage or terrorism, or any earthquake, hurricane, tornado or other natural disaster, except to the extent such effect has a materially disproportionate effect on such Person and its Subsidiaries, taken as a whole, relative to others in the industries in which such Person and any of its Subsidiaries operate, (d) general economic or regulatory, legislative or political conditions or securities, credit, financial or other capital markets conditions, in each case in the United States or any foreign jurisdiction, except to the extent such effect has a materially disproportionate effect on such Person and its Subsidiaries, taken as a whole, relative to others in the industries in which such Person and any of its Subsidiaries operate, or (e) any failure, in and of itself, to meet projections, forecasts, estimates or predictions in respect of revenues, earnings or other financial or operating metrics for any period (it being understood that the underlying facts or occurrences giving rise to or contributing to such failure shall be taken into account in determining whether there has been a Material Adverse Effect (except to the extent such underlying facts or occurrences are excluded from being taken into account by clauses (a) through (d) of this definition)).

Person means any natural person, firm, corporation, partnership, company, limited liability company, trust, joint venture, association, Governmental Entity or other entity.

Stanley Material Adverse Effect means a Material Adverse Effect with respect to Stanley.

Stanley Performance Share Unit means any restricted stock unit that is subject to performance-based vesting and whose value is determined with reference to the value of shares of Stanley Common Stock, and granted under any Stanley Stock Plan.

Stanley Restricted Stock Unit means any restricted stock unit payable in shares of Stanley Common Stock or whose value is determined with reference to the value of shares of Stanley Common Stock and granted under any Stanley Stock Plan.

Stanley Stock Option means any option to purchase Stanley Common Stock granted under any Stanley Stock Plan.

Stanley Stock Plans means the Stanley 2009 Long-Term Incentive Plan, the Stanley 2001 Long-Term Incentive Plan, the Stanley 1997 Long-Term Incentive Plan, the Stanley 1990 Stock Option Plan, and the Stanley Stock Option Plan for Non-Employee Directors.

A Subsidiary of any Person means another Person, an amount of the voting securities, other voting ownership or voting partnership interests of which is sufficient to elect at least a majority of its Board of Directors or other governing body (or, if there are no such voting interests, more than 50% of the equity interests of which) is owned directly or indirectly by such first Person.

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Taxes means all taxes, customs, tariffs, imposts, levies, duties, fees or other like assessments or charges of any kind imposed by a Governmental Entity, together with all interest, penalties and additions imposed with respect to such amounts.

Tax Return means all Tax returns, declarations, statements, reports, schedules, forms and information returns and any amended Tax return relating to Taxes.

Section 9.04. Interpretation. When a reference is made in this Agreement to an Article or a Section, such reference shall be to an Article or a Section of this Agreement unless otherwise indicated. The table of contents, index of defined terms and headings contained in this Agreement are for reference purposes only and shall not affect in any way the meaning or interpretation of this Agreement. Any capitalized term used in any Exhibit but not otherwise defined therein shall have the meaning assigned to such term in this Agreement. Whenever the words include, includes or including are used in this Agreement, they shall be deemed to be followed by the words without limitation. The words hereof, hereto, hereby, herein and hereunder and words of similar import when used in this Agreement shall refer to this Agreement as a whole and not to any particular provision of this Agreement. The term or is not exclusive. The word extent in the phrase to the extent shall mean the degree to which a subject or other thing extends, and such phrase shall not mean simply if. The word will shall be construed to have the same meaning and effect as the word shall. The words assets and properties shall be deemed to have the same meaning, and to refer to all assets and properties, whether real or personal, tangible or intangible. The definitions contained in this Agreement are applicable to the singular as well as the plural forms of such terms. Any agreement, instrument or Law defined or referred to herein means such agreement, instrument or Law as from time to time amended, modified or supplemented, unless otherwise specifically indicated. References to a person are also to its permitted successors and assigns. Unless otherwise specifically indicated, all references to dollars and \$ will be deemed references to the lawful money of the United States of America.

Section 9.05. Severability. If any term or other provision of this Agreement is invalid, illegal or incapable of being enforced by any rule of Law, or public policy, all other conditions and provisions of this Agreement shall nevertheless remain in full force and effect so long as either the economic or legal substance of the transactions contemplated hereby is not affected in any manner materially adverse to any party or such party waives its rights under this Section 9.05 with respect thereto. Upon such determination that any term or other provision is invalid, illegal or incapable of being enforced, the parties hereto shall negotiate in good faith to modify this Agreement so as to effect the original intent of the parties as closely as possible in an acceptable manner to the end that the transactions contemplated hereby are fulfilled to the extent possible.

Section 9.06. Counterparts. This Agreement may be executed in one or more counterparts, all of which shall be considered one and the same agreement, and shall become effective when one or more counterparts have been signed by each of the parties and delivered to the other parties. Delivery of an executed counterpart of this Agreement by facsimile or other electronic image scan transmission shall be effective as delivery of an original counterpart hereof.

Section 9.07. Entire Agreement: No Third-Party Beneficiaries. This Agreement, taken together with the Stanley Disclosure Letter and the Black & Decker Disclosure Letter and the Confidentiality Agreement, (a) constitutes the entire agreement, and supersedes all prior agreements and understandings, both written and oral, between the parties with respect to the Merger and the other transactions contemplated by this Agreement and (b) except for Section 6.05, is not intended to confer upon any Person other than the parties any rights or remedies.

Section 9.08. GOVERNING LAW. THIS AGREEMENT SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF NEW YORK, REGARDLESS OF THE LAWS THAT MIGHT OTHERWISE GOVERN UNDER ANY APPLICABLE PRINCIPLES OF CONFLICTS OF LAWS OF THE STATE OF NEW YORK, EXCEPT FOR SUCH PROVISIONS WHERE MARYLAND LAW IS

MANDATORILY APPLICABLE, WHICH PROVISIONS SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF MARYLAND.

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Section 9.09. Assignment. Neither this Agreement nor any of the rights, interests or obligations under this Agreement shall be assigned, in whole or in part, by operation of Law or otherwise by any of the parties without the prior written consent of the other parties. Any purported assignment without such consent shall be void. Subject to the preceding sentences, this Agreement will be binding upon, inure to the benefit of, and be enforceable by, the parties and their respective successors and assigns.

Section 9.10. Specific Enforcement. The parties acknowledge and agree that irreparable damage would occur in the event that any of the provisions of this Agreement were not performed in accordance with their specific terms or were otherwise breached, and that monetary damages, even if available, would not be an adequate remedy therefor. It is accordingly agreed that, prior to the termination of this Agreement pursuant to Article VIII, the parties shall be entitled to an injunction or injunctions to prevent breaches of this Agreement and to enforce specifically the performance of terms and provisions of this Agreement in any court referred to in clause (a) below, without proof of actual damages (and each party hereby waives any requirement for the securing or posting of any bond in connection with such remedy), this being in addition to any other remedy to which they are entitled at law or in equity. The parties further agree not to assert that a remedy of specific enforcement is unenforceable, invalid, contrary to Law or inequitable for any reason, nor to assert that a remedy of monetary damages would provide an adequate remedy for any such breach. In addition, each of the parties hereto (a) consents to submit itself to the personal jurisdiction of any New York state court or any Federal court located in the State of New York in the event any dispute arises out of this Agreement, the Merger or any of the other transactions contemplated by this Agreement, (b) agrees that it will not attempt to deny or defeat such personal jurisdiction by motion or other request for leave from any such court and (c) agrees that it will not bring any action relating to this Agreement, the Merger or any of the other transactions contemplated by this Agreement in any court other than any New York state court or any Federal court sitting in the State of New York.

Section 9.11. Waiver of Jury Trial. Each party hereto hereby waives, to the fullest extent permitted by applicable Law, any right it may have to a trial by jury in respect of any suit, action or other proceeding arising out of this Agreement, the Merger or any of the other transactions contemplated by this Agreement. Each party hereto (a) certifies that no representative, agent or attorney of any other party has represented, expressly or otherwise, that such party would not, in the event of any action, suit or proceeding, seek to enforce the foregoing waiver and (b) acknowledges that it and the other parties hereto have been induced to enter into this Agreement by, among other things, the mutual waiver and certifications in this Section 9.11.

[Remainder of page left intentionally blank; signature page follows]

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IN WITNESS WHEREOF, Black & Decker, Stanley and Merger Sub have duly executed this Agreement, all as of the date first written above.

THE BLACK & DECKER CORPORATION,

Name: Nolan D. Archibald

by /s/ NOLAN D. ARCHIBALD

Title: Chairman, President and Chief Executive
Officer

THE STANLEY WORKS,

Name: John F. Lundgren

by /s/ JOHN F. LUNDGREN

Title: Chairman and Chief Executive Officer

BLUE JAY ACQUISITION CORP.,

Name: Bruce H. Beatt

by /s/ BRUCE H. BEATT

Title: Vice President, General Counsel and Secretary

[Signature Page to Merger Agreement]

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to
Merger Agreement

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to
Merger Agreement**

Form of Charter of the Surviving Company

**THE BLACK & DECKER CORPORATION
AMENDED AND RESTATED CHARTER**

ARTICLE I

NAME

The name of the corporation (the Corporation) is The Black & Decker Corporation .

ARTICLE II

PURPOSE

The purposes for which the Corporation is formed are to engage in any lawful act or activity for which corporations may be organized under the general laws of the State of Maryland as now or hereafter in force.

ARTICLE III

PRINCIPAL OFFICE

The address of the principal office of the Corporation in the State of Maryland is c/o The Corporation Trust Incorporated, 300 East Lombard Street, Baltimore, Maryland 21202.

ARTICLE IV

RESIDENT AGENT

The name of the resident agent of the Corporation in the State of Maryland is The Corporation Trust Incorporated, and its address is 300 East Lombard Street, Baltimore, Maryland 21202. The resident agent is a Maryland corporation.

ARTICLE V

**PROVISIONS FOR DEFINING, LIMITING
AND REGULATING CERTAIN POWERS OF THE
CORPORATION AND OF THE STOCKHOLDERS AND DIRECTORS**

Section 5.1 *Number of Directors.* The business and affairs of the Corporation shall be managed under the direction of the Board of Directors. The number of directors of the Corporation is three, which number may be increased or decreased pursuant to the Bylaws of the Corporation (the Bylaws), but shall never be less than the minimum number required by the Maryland General Corporation Law (the MGCL). The names of the directors who shall serve until the next annual meeting of stockholders and until their successors are duly elected and qualify are:

Bruce H. Beatt
Kathryn P. Sherer
Donald J. Riccitelli

The directors may increase the number of directors and may fill any vacancy, whether resulting from an increase in the number of directors or otherwise, on the Board of Directors in the manner provided in the Bylaws.

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Section 5.2 *Authorization by Board of Stock Issuance.* The Board of Directors may authorize the issuance from time to time of shares of stock of the Corporation of any class or series, whether now or hereafter authorized, or securities or rights convertible into shares of its stock of any class or series, whether now or hereafter authorized, for such consideration as the Board of Directors may deem advisable (or without consideration in the case of a stock split or stock dividend), subject to such restrictions or limitations, if any, as may be set forth in the charter (the Charter) or the Bylaws.

Section 5.3 *Indemnification.* The Corporation shall have the power, to the full extent permitted by, and in the manner permissible under, the laws of the State of Maryland and other applicable laws and regulations, to indemnify, and pay and advance expenses for the benefit of, any person who is or was an employee or agent of the Corporation, or who is or was serving at the request of the Corporation as an employee or agent of another corporation or entity, or who is or was serving as an officer or director of the Corporation or at the request of the Corporation as an officer or director (or similar position) of another corporation or entity, who by reason of his or her position was, is, or is threatened to be made a party to an action or proceeding, whether civil, criminal, administrative, or investigative, against any and all expenses (including, but not limited to, attorneys fees, judgments, fines, penalties and amounts paid in settlement) actually incurred by the director, officer, employee or agent in connection with the proceeding. The Corporation shall have the power to indemnify, and to pay and advance expenses for the benefit of, any individual who served a predecessor of the Corporation in any of the capacities described above. Repeal or modification of this Section 5.3 or the relevant law shall not affect adversely any rights or obligations then existing with respect to any state of facts then or theretofore existing or any action, suit, or proceeding theretofore or thereafter brought or threatened based in whole or in part upon any such state of facts.

Section 5.4 *Appraisal Rights.* Holders of shares of stock shall not be entitled to exercise any rights of an objecting stockholder provided for under Title 3, Subtitle 2 of the MGCL or any successor statute unless the Board of Directors, upon the affirmative vote of a majority of the Board of Directors, shall determine that such rights apply, with respect to all or any classes or series of stock, to one or more transactions occurring after the date of such determination in connection with which holders of such shares would otherwise be entitled to exercise such rights.

Section 5.5 *Extraordinary Actions.* Notwithstanding any provision of law permitting or requiring any action to be taken or approved by the affirmative vote of the holders of shares entitled to cast a greater number of votes, any such action shall be effective and valid if declared advisable by the Board of Directors and taken or approved by the affirmative vote of holders of shares entitled to cast a majority of all the votes entitled to be cast on the matter.

Section 5.6 *Consent in Lieu of Meeting.* Any action required or permitted to be taken at any meeting of stockholders may be taken without a meeting if a consent in writing or by electronic transmission of stockholders entitled to cast not less than the minimum number of votes that would be necessary to authorize or take the action at a meeting of stockholders is delivered to the Corporation in accordance with the MGCL.

ARTICLE VI

STOCK

Section 6.1 *Authorized Shares.* The Corporation has authority to issue 100 shares of stock, consisting of 100 shares of common stock, \$0.01 par value per share. The aggregate par value of all authorized shares of stock having par value is \$1.00. The Board of Directors, with the approval of a majority of the entire Board and without any action by the stockholders of the Corporation, may amend the Charter from time to time to increase or decrease the aggregate number of shares of stock or the number of shares of stock of any class or series that the Corporation has authority to issue.

Section 6.2 *Classified or Reclassified Shares*. The Board of Directors may reclassify any unissued shares of stock of the Corporation from time to time in one or more classes or series of stock. If shares of one class of stock are classified or reclassified into shares of another class of stock pursuant to this Article VI, the number of authorized shares of the former class shall be automatically decreased and the number of shares of

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the latter class shall be automatically increased, in each case by the number of shares so classified or reclassified, so that the aggregate number of shares of stock of all classes that the Corporation has authority to issue shall not be more than the total number of shares of stock set forth in the first sentence of Section 6.1. Prior to issuance of classified or reclassified shares of any class or series, the Board of Directors by resolution shall: (i) designate that class or series to distinguish it from all other classes and series of stock of the Corporation; (ii) specify the number of shares to be included in the class or series; (iii) set or change, subject to the express terms of any class or series of stock of the Corporation outstanding at the time, the preferences, conversion or other rights, voting powers, restrictions, limitations as to dividends or other distributions, qualifications and terms and conditions of redemption for each class or series; and (iv) cause the Corporation to file articles supplementary with the State Department of Assessments and Taxation of Maryland. Any of the terms of any class or series of stock set or changed pursuant to clause (iii) of this Section 6.2 may be made dependent upon facts or events ascertainable outside the Charter (including determinations by the Board of Directors or other facts or events within the control of the Corporation) and may vary among holders thereof, provided that the manner in which such facts, events or variations shall operate upon the terms of such class or series of stock is clearly and expressly set forth in the articles supplementary or other charter document.

Section 6.3 *Charter and Bylaws*. The rights of all stockholders and the terms of all stock are subject to the provisions of the Charter and the Bylaws. The Board of Directors of the Corporation shall have the exclusive power to make, alter, amend or repeal the Bylaws.

ARTICLE VII

AMENDMENTS

The Corporation reserves the right from time to time to make any amendment to its Charter, now or hereafter authorized by law, including any amendment altering the terms or contract rights, as expressly set forth in the Charter, of any shares of outstanding stock. All rights and powers conferred by the Charter on stockholders, directors and officers are granted subject to this reservation.

ARTICLE VIII

LIMITATION OF LIABILITY

To the fullest extent permitted by Maryland law, as it may be amended from time to time, no person who at any time was or is a director or officer of the Corporation shall be personally liable to the Corporation or its stockholders for money damages. No amendment of the Charter or repeal of any of its provisions shall limit or eliminate any of the benefits provided to directors and officers under this Article VIII in respect of any act or omission that occurred prior to such amendment or repeal.

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**Exhibit B
to
Merger Agreement**

Description of Articles Amendment

The Stanley Articles shall be amended to:

- (a) increase the authorized shares of stock of Stanley from 210,000,000 shares, divided into 200,000,000 common shares of par value of \$2.50 per share and 10,000,000 preferred shares, without par value, to 310,000,000 shares, divided into 300,000,000 common shares of par value of \$2.50 per share and 10,000,000 preferred shares, without par value; and
- (b) change the name of Stanley to Stanley Black & Decker .

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**Exhibit C
to
Merger Agreement**

Governance Matters

(a) Stanley shall take all necessary action to cause, effective at the Effective Time, the Stanley Board to be comprised of nine directors from Stanley and six directors from Black & Decker. Black & Decker shall name its directors, subject to approval by the Stanley Board or the Corporate Governance Committee thereof. Of the independent directors from Stanley, one shall be appointed the lead independent director of the Stanley Board. The directors from Black & Decker will be allocated, as evenly as possible, among the three classes of the Stanley Board. At the first Stanley shareholder meeting after the Effective Time at which directors are elected, Stanley shall cause the directors from Black & Decker to be nominated for election by the shareholders of Stanley.

(b) Stanley shall take all necessary action to cause, effective at the Effective Time, Nolan D. Archibald to be elected as Executive Chairman of the Stanley Board. In such capacity, Nolan D. Archibald shall report directly to the Stanley Board.

(c) Stanley shall take all action necessary to ensure that John F. Lundgren remains the Chief Executive Officer of Stanley at the Effective Time. In such capacity, John F. Lundgren shall report directly to the Stanley Board.

(d) Following the Effective Time, Stanley intends that it will have its headquarters located in New Britain, Connecticut and will have a substantial operating presence in Towson, Maryland.

(e) At the Effective Time, the name of Stanley shall become Stanley Black & Decker .

Exhibit C-1

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ANNEX B

OPINION OF DEUTSCHE BANK SECURITIES INC.

[Letterhead of Deutsche Bank Securities Inc.]

November 2, 2009

Board of Directors
The Stanley Works
1000 Stanley Drive
New Britain, CT 06053

Ladies and Gentlemen:

Deutsche Bank Securities Inc. (*Deutsche Bank*) has acted as financial advisor to The Stanley Works (the *Company*) in connection with the Agreement and Plan of Merger (the *Merger Agreement*), dated as of November 2, 2009, among the Company, The Black & Decker Corporation (*Black & Decker*), and Blue Jay Acquisition Corp., a wholly-owned subsidiary of the Company (*Merger Sub*), which provides, among other things, for the merger of Merger Sub with and into Black & Decker, as a result of which Black & Decker will become a wholly owned subsidiary of the Company (the *Transaction*). As set forth more fully in the Merger Agreement, as a result of the Transaction, each issued and outstanding share of common stock, par value \$0.50 per share, of Black & Decker (the *Black & Decker Common Stock*), other than any shares of Black & Decker Common Stock owned by the Company or Merger Sub, will be converted into the right to receive 1.275 (the *Exchange Ratio*) shares of common stock of the Company, par value \$2.50 per share (the *Company Common Stock*).

You have requested our opinion as to the fairness of the Exchange Ratio, from a financial point of view, to the Company.

In connection with our role as financial advisor to the Company, and in arriving at our opinion, we reviewed (i) certain publicly available financial and other information concerning the Company and Black & Decker, (ii) certain internal analyses, financial forecasts and other information relating to the Company prepared by management of the Company, (iii) certain internal analyses, financial forecasts and other information relating to Black & Decker prepared by management of Black & Decker and (iv) certain analyses and financial forecasts relating to Black & Decker prepared by management of the Company. We have also held discussions with members of management of the Company and Black & Decker regarding the businesses and prospects of the Company and Black and Decker, respectively, and the prospects of the combined company, including certain cost savings and operating synergies jointly projected by the managements of Black & Decker and the Company to result from the Transaction. In addition, we (i) reviewed the reported prices and trading activity for both the Company Common Stock and the Black & Decker Common Stock, (ii) to the extent publicly available, compared certain financial and stock market information for the Company and Black & Decker with similar information for certain other companies we considered relevant whose securities are publicly traded, (iii) to the extent publicly available, reviewed the financial terms of certain recent business combinations which we deemed relevant, (iv) reviewed the Merger Agreement, and (v) performed such other studies and analyses and considered such other factors as we deemed appropriate.

Deutsche Bank has not assumed responsibility for independent verification of, and has not independently verified, any information, whether publicly available or furnished to it, concerning the Company or Black & Decker, including, without limitation, any financial information considered in connection with the rendering of its opinion. Accordingly, for purposes of its opinion, Deutsche Bank has, with your permission, assumed and relied upon the accuracy and completeness of all such information. Deutsche Bank has not conducted a physical inspection of any of the properties or assets, and has not prepared or obtained any independent evaluation or appraisal of any of the assets or liabilities (including any contingent, derivative or off-balance-sheet assets and liabilities), of the Company or Black & Decker or any of their respective subsidiaries, nor have we evaluated the solvency or fair value of the Company or Black & Decker under any state or federal

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law relating to bankruptcy, insolvency or similar matters. With respect to financial forecasts and projections, including the analyses and forecasts of certain cost savings, operating efficiencies, revenue effects and financial synergies jointly prepared and expected by Black & Decker and the Company to be achieved as a result of the Transaction (collectively, the Synergies), made available to Deutsche Bank and used in its analyses, Deutsche Bank has assumed with your permission that they have been reasonably prepared on bases reflecting the best currently available estimates and judgments of the management of the Company as to the matters covered thereby. In rendering its opinion, Deutsche Bank expresses no view as to the reasonableness of such forecasts and projection, including the Synergies, or the assumptions on which they are based. Deutsche Bank's opinion is necessarily based upon economic, market and other conditions, and the information made available to it, as of the date hereof. We expressly disclaim any undertaking or obligation to advise any person of any change in any fact or matter affecting our opinion of which we become aware after the date hereof.

For purposes of rendering its opinion, Deutsche Bank has assumed with your permission that, in all respects material to its analysis, the Transaction will be consummated in accordance with its terms, without any material waiver, modification or amendment of any term, condition or agreement. Deutsche Bank has also assumed that all material governmental, regulatory, contractual or other approvals and consents required in connection with the consummation of the Transaction will be obtained and that in connection with obtaining any necessary governmental, regulatory, contractual or other approvals and consents, no material restrictions, terms or conditions will be imposed. We are not legal, regulatory, tax or accounting experts and have relied on the assessments made by the Company and its advisors with respect to such issues.

This opinion has been approved and authorized for issuance by a fairness opinion review committee and is addressed to, and for the use and benefit of, the Board of Directors of the Company. This opinion is limited to the fairness, from a financial point of view, of the Exchange Ratio to the Company. You have not asked us to, and this opinion does not, address the fairness of the Transaction, or any consideration received in connection therewith, to the holders of any class of securities, creditors or other constituencies of the Company, nor does it address the fairness of the contemplated benefits of the Transaction. We do not express any view on, and our opinion does not address, any other term or aspect of the Merger Agreement or Transaction or any term or aspect of any other agreement or instrument contemplated by the Merger Agreement or entered into or amended in connection with the Transaction. Deutsche Bank expresses no opinion as to the merits of the underlying decision by the Company to engage in the Transaction or the relative merits of the Transaction as compared to any alternative business strategies, nor do we express an opinion or recommendation as to how any holder of Company Common Stock should vote with respect to the Transaction. We do not express any view or opinion as to the fairness, financial or otherwise, of the amount or nature of any compensation payable to or to be received by any of the officers, directors, or employees of the Company or Black & Decker, or any class of such persons, in connection with the Transaction whether relative to the amounts to be received by any other person pursuant to the Merger Agreement or otherwise. This opinion does not in any manner address the prices at which the Company Common Stock will trade following the announcement or consummation of the Transaction.

Deutsche Bank will be paid a fee for its services as financial advisor to the Company in connection with the Transaction, a portion of which is contingent upon delivery of this opinion and a substantial portion of which is contingent upon consummation of the Transaction. The Company has also agreed to reimburse Deutsche Bank for its expenses, and to indemnify Deutsche Bank against certain liabilities, in connection with its engagement. We are an affiliate of Deutsche Bank AG (together with its affiliates, the DB Group). Please be advised that during the two years preceding the date of this letter, DB Group has not provided any significant investment banking, commercial banking (including extension of credit) or other financial services to Black & Decker, the Company or their respective affiliates. The DB Group may provide investment and commercial banking services to the Company, Black & Decker or their respective affiliates in the future for which we would expect the DB Group to receive compensation. In the ordinary course of business, members of the DB Group may actively trade in the securities and other instruments and

obligations of Black & Decker, the Company, or their respective affiliates for their own accounts and for the accounts of their

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customers. Accordingly, the DB Group may at any time hold a long or short position in such securities, instruments and obligations.

Based upon and subject to the foregoing assumptions, limitations, qualifications and conditions, it is Deutsche Bank's opinion that, as of the date hereof, the Exchange Ratio is fair, from a financial point of view, to the Company.

This letter is provided to the Board of Directors of the Company in connection with and for the purposes of its evaluation of the Transaction. This opinion may not be disclosed, summarized, referred to, or communicated (in whole or in part) to any other person for any purpose whatsoever except with our prior written approval, provided that this opinion may be reproduced in full in any proxy or information statement mailed by the Company to its stockholders in connection with the Transaction.

Very truly yours,

/s/ Deutsche Bank Securities Inc.
DEUTSCHE BANK SECURITIES INC.

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ANNEX C

OPINION OF GOLDMAN SACHS & CO.

[Letterhead of Goldman, Sachs & Co.]

November 2, 2009
Board of Directors
The Stanley Works
1000 Stanley Drive
New Britain, CT 06053

Ladies and Gentlemen:

You have requested our opinion as to the fairness from a financial point of view to The Stanley Works (the Company) of the exchange ratio (the Exchange Ratio) of 1.275 shares of common stock, par value \$2.50 per share (the Company Common Stock), of the Company to be issued in exchange for each share of common stock, par value \$0.50 per share (the Black & Decker Common Stock), of The Black & Decker Corporation (Black & Decker) pursuant to the Agreement and Plan of Merger, dated as of November 2, 2009 (the Agreement), by and among the Company, Blue Jay Acquisition Corp. and Black & Decker.

Goldman, Sachs & Co. and its affiliates are engaged in investment banking and financial advisory services, commercial banking, securities trading, investment management, principal investment, financial planning, benefits counseling, risk management, hedging, financing, brokerage activities and other financial and non-financial activities and services for various persons and entities. In the ordinary course of these activities and services, Goldman, Sachs & Co. and its affiliates may at any time make or hold long or short positions and investments, as well as actively trade or effect transactions, in the equity, debt and other securities (or related derivative securities) and financial instruments (including bank loans and other obligations) of third parties, the Company, Black & Decker and any of their respective affiliates or any currency or commodity that may be involved in the transaction contemplated by the Agreement (the Transaction) for their own account and for the accounts of their customers. We have acted as financial advisor to the Company in connection with, and have participated in certain of the negotiations leading to, the Transaction. We expect to receive fees for our services in connection with the Transaction, the principal portion of which is contingent upon consummation of the Transaction, and the Company has agreed to reimburse our expenses arising, and indemnify us against certain liabilities that may arise, out of our engagement. In addition, we have provided certain investment banking and other financial services to the Company and its affiliates from time to time, including having acted as lead bookrunner on a public offering of the Company's 5.000% Notes due 2010 (aggregate principal amount of \$200 million) in March 2007; co-manager on a public offering of the Company's Floating Rate Convertible Notes due 2012 (aggregate principal amount of \$330 million) in March 2007; counter-party with respect to a derivative transaction entered into by the Company in March 2007; and a participant in the Company's revolving credit facility (aggregate principal amount of \$800 million) in February 2008. We also may provide investment banking and other financial services to the Company and Black & Decker in the future. In connection with the above-described services we have received, and may receive, compensation.

In connection with this opinion, we have reviewed, among other things, the Agreement; annual reports to stockholders and Annual Reports on Form 10-K of the Company and Black & Decker for the five fiscal years ended January 3, 2009 and December 31, 2008 respectively; certain interim reports to stockholders and Quarterly Reports on

Form 10-Q of the Company and Black & Decker; certain other communications from the Company and Black & Decker to their respective stockholders; certain publicly available research analyst reports for Black & Decker and the Company; certain internal financial analyses and forecasts for Black & Decker prepared by its management; and certain financial analyses and forecasts for Black & Decker and certain internal financial analyses and forecasts for the Company, in each case, as prepared by the management of the Company and approved for our use by the Company (the Forecasts), including certain cost savings and operating synergies projected by the managements of the Company and Black & Decker to result from the Transaction, as jointly prepared by the managements of the Company and Black & Decker and

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approved for our use by the Company (the Synergies). We also have held discussions with members of the senior managements of the Company and Black & Decker regarding their assessment of the past and current business operations, financial condition and future prospects of Black & Decker and with the members of senior management of the Company regarding their assessment of the past and current business operations, financial condition and future prospects of the Company and the strategic rationale for, and the potential benefits of, the Transaction. In addition, we have reviewed the reported price and trading activity for the shares of Company Common Stock and Black & Decker Common Stock, compared certain financial and stock market information for the Company and Black & Decker with similar information for certain other companies the securities of which are publicly traded, reviewed the financial terms of certain recent business combinations in the tools industry specifically and in other industries generally and performed such other studies and analyses, and considered such other factors, as we considered appropriate.

For purposes of rendering this opinion, we have relied upon and assumed, without assuming any responsibility for independent verification, the accuracy and completeness of all of the financial, legal, regulatory, tax, accounting and other information provided to, discussed with or reviewed by us, and we do not assume any liability for any such information. In that regard, we have assumed with your consent that the Forecasts, including the Synergies, have been reasonably prepared on a basis reflecting the best currently available estimates and judgments of the management of the Company. In addition, we have not made an independent evaluation or appraisal of the assets and liabilities (including any contingent, derivative or off-balance-sheet assets and liabilities) of the Company or Black & Decker or any of their respective subsidiaries and we have not been furnished with any such evaluation or appraisal. We have assumed that all governmental, regulatory or other consents and approvals necessary for the consummation of the Transaction will be obtained without any adverse effect on the Company or Black & Decker or on the expected benefits of the Transaction in any way meaningful to our analysis. We also have assumed that the Transaction will be consummated on the terms set forth in the Agreement, without the waiver or modification of any term or condition the effect of which would be in any way meaningful to our analysis. We are not expressing any opinion as to the impact of the Transaction on the solvency or viability of the Company or Black & Decker or the ability of the Company or Black & Decker to pay its obligations when they come due. Our opinion does not address any legal, regulatory, tax or accounting matters.

Our opinion does not address the underlying business decision of the Company to engage in the Transaction, or the relative merits of the Transaction as compared to any strategic alternatives that may be available to the Company. This opinion addresses only the fairness from a financial point of view to the Company, as of the date hereof, of the Exchange Ratio pursuant to the Agreement. We do not express any view on, and our opinion does not address, any other term or aspect of the Agreement or Transaction or any term or aspect of any other agreement or instrument contemplated by the Agreement or entered into or amended in connection with the Transaction, including, without limitation, the fairness of the Transaction to, or any consideration received in connection therewith by, the holders of any class of securities, creditors, or other constituencies of the Company; nor as to the fairness of the amount or nature of any compensation to be paid or payable to any of the officers, directors or employees of the Company or Black & Decker, or any class of such persons in connection with the Transaction, whether relative to the Exchange Ratio pursuant to the Agreement or otherwise. We are not expressing any opinion as to the prices at which shares of Company Common Stock will trade at any time. Our opinion is necessarily based on economic, monetary, market and other conditions as in effect on, and the information made available to us as of, the date hereof and we assume no responsibility for updating, revising or reaffirming this opinion based on circumstances, developments or events occurring after the date hereof. Our advisory services and the opinion expressed herein are provided for the information and assistance of the Board of Directors of the Company in connection with its consideration of the Transaction and such opinion does not constitute a recommendation as to how any holder of shares of Company Common Stock should vote with respect to such Transaction or any other matter. This opinion has been approved by a fairness committee of Goldman, Sachs & Co.

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Based upon and subject to the foregoing, it is our opinion that, as of the date hereof, the Exchange Ratio pursuant to the Agreement is fair from a financial point of view to the Company.

Very truly yours,

/s/ Goldman, Sachs & Co.
(GOLDMAN, SACHS & CO.)

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ANNEX D

OPINION OF J.P. MORGAN SECURITIES INC.

[Letterhead of J.P. Morgan Securities Inc.]

November 2, 2009

The Board of Directors
The Black & Decker Corporation
701 East Joppa Road
Towson, MD 21286

Members of the Board of Directors:

You have requested our opinion as to the fairness, from a financial point of view, to the holders of common stock, par value \$.50 per share (the Company Common Stock), of The Black & Decker Corporation (the Company) of the Exchange Ratio (as defined below) in the proposed merger (the Transaction) of the Company with a wholly-owned subsidiary of The Stanley Works (Stanley). Pursuant to the Agreement and Plan of Merger, (the Agreement), among the Company, Stanley and its subsidiary, Blue Jay Acquisition Corp., the Company will become a wholly-owned subsidiary of Stanley, and each outstanding share of Company Common Stock, other than shares of Company Common Stock owned by Stanley and its affiliates, will be converted into the right to receive 1.275 shares (the Exchange Ratio) of Stanley's common stock, par value \$2.50 per share (Stanley Common Stock).

In arriving at our opinion, we have (i) reviewed a draft dated October 31, 2009 of the Agreement; (ii) reviewed certain publicly available business and financial information concerning the Company and Stanley and the industries in which they operate; (iii) compared the financial and operating performance of the Company and Stanley with publicly available information concerning certain other companies we deemed relevant and reviewed the current and historical market prices of the Company Common Stock and Stanley Common Stock and certain publicly traded securities of such other companies; (iv) reviewed certain internal financial analyses and forecasts prepared by or at the direction of the managements of the Company and Stanley relating to their respective businesses, as well as management estimates of the amount and timing of the cost savings and related expenses and synergies expected to result from the Transaction (the Synergies); and (v) performed such other financial studies and analyses and considered such other information (including whether any other transactions involving other companies are relevant for comparison purposes) as we deemed appropriate for the purposes of this opinion.

In addition, we have held discussions with certain members of the management of the Company and Stanley with respect to certain aspects of the Transaction, and the past and current business operations of the Company and Stanley, the financial condition and future prospects and operations of the Company and Stanley, the effects of the Transaction on the financial condition and future prospects of the Company and Stanley, the potential Synergies as a result of the Transaction and certain other matters we believed necessary or appropriate to our inquiry.

In giving our opinion, we have relied upon and assumed the accuracy and completeness of all information that was publicly available or was furnished to or discussed with us by the Company and Stanley or otherwise reviewed by or for us, and we have not independently verified (nor have we assumed responsibility or liability for independently verifying) any such information or its accuracy or completeness. We have not conducted or been provided with any

valuation or appraisal of any assets or liabilities, nor have we evaluated the solvency of the Company or Stanley under any state or federal laws relating to bankruptcy, insolvency or similar matters. In relying on financial analyses and forecasts provided to us or derived therefrom, including the Synergies, we have assumed that they have been reasonably prepared based on assumptions reflecting the best currently available estimates and judgments by management as to the expected future results of operations and financial condition of the Company and Stanley to which such analyses or forecasts relate. We express no view as to such analyses or forecasts (including the Synergies) or the assumptions on which they were based. We have also assumed that the Transaction and the other transactions contemplated by the Agreement will qualify as a tax-free reorganization for United

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States federal income tax purposes, and will be consummated as described in the Agreement, and that the definitive Agreement will not differ in any material respects from the draft thereof furnished to us. We have also assumed that the representations and warranties made by the Company and Stanley in the Agreement and the related agreements are and will be true and correct in all respects material to our analysis. We are not legal, regulatory or tax experts and have relied on the assessments made by advisors to the Company with respect to such issues. We have further assumed that all material governmental, regulatory or other consents and approvals necessary for the consummation of the Transaction will be obtained without any adverse effect on the Company or Stanley or on the contemplated benefits of the Transaction.

Our opinion is necessarily based on economic, market and other conditions as in effect on, and the information made available to us as of, the date hereof. It should be understood that subsequent developments may affect this opinion and that we do not have any obligation to update, revise, or reaffirm this opinion. Our opinion is limited to the fairness, from a financial point of view, to the holders of the Company Common Stock of the Exchange Ratio in the proposed Transaction and we express no opinion as to the fairness of the Transaction to, or any consideration to be paid to, the holders of any other class of securities, creditors or other constituencies of the Company or as to the underlying decision by the Company to engage in the Transaction. Furthermore, we express no opinion with respect to the amount or nature of any compensation to any officers, directors, or employees of any party to the Transaction, or any class of such persons relative to the Exchange Ratio applicable to the holders of the Company Common Stock in the Transaction or with respect to the fairness of any such compensation. We are expressing no opinion herein as to the price at which the Company Common Stock or Stanley Common Stock will trade at any future time.

We note that we were not authorized to and did not solicit any expressions of interest from any other parties with respect to the sale of all or any part of the Company or any other alternative transaction.

We have acted as financial advisor to the Company with respect to the proposed Transaction and will receive a fee from the Company for our services, a substantial portion of which will become payable only if the proposed Transaction is consummated. In addition, the Company has agreed to indemnify us for certain liabilities arising out of our engagement. During the two years preceding the date of this letter, we and our affiliates have had commercial or investment banking relationships with the Company and with Stanley, for which we and such affiliates have received customary compensation. Such services during such period have included (i) acting as Joint Bookrunner on the Company's \$350,000,000 8.95% Notes Offering in March 2009 and (ii) acting as financial advisor to Stanley in its July 2008 acquisition of Sonitrol Corporation. In the ordinary course of our businesses, we and our affiliates may actively trade the debt and equity securities of the Company or Stanley for our own account or for the accounts of customers and, accordingly, we may at any time hold long or short positions in such securities.

On the basis of and subject to the foregoing, it is our opinion as of the date hereof that the Exchange Ratio in the proposed Transaction is fair, from a financial point of view, to the holders of the Company Common Stock.

The issuance of this opinion has been approved by a fairness opinion committee of J.P. Morgan Securities Inc. This letter is provided to the Board of Directors of the Company in connection with and for the purposes of its evaluation of the Transaction. This opinion does not constitute a recommendation to any shareholder of the Company as to how such shareholder should vote with respect to the Transaction or any other matter. This opinion may not be disclosed, referred to, or communicated (in whole or in part) to any third party for any purpose whatsoever except with our prior written approval. This opinion may be reproduced in full in any proxy or information statement mailed to shareholders of the Company but may not otherwise be disclosed publicly in any manner without our prior written approval.

Very truly yours,

/s/ J.P. Morgan Securities Inc.

J.P. MORGAN SECURITIES INC.

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ANNEX E

**FORM OF CERTIFICATE OF AMENDMENT
TO THE
RESTATED CERTIFICATE OF INCORPORATION OF STANLEY**

The Stanley Works, a corporation organized and existing under the Connecticut Business Corporation Act (the Corporation), does hereby certify:

1: The name of the corporation is The Stanley Works.

2: The Restated Certificate of Incorporation is amended to change the name of the Corporation from The Stanley Works to Stanley Black & Decker, Inc. and to increase the number of authorized shares of common stock of the Corporation from 200,000,000 to 300,000,000, as set forth below:

A. Section 1 is hereby amended by deleting the name The Stanley Works contained therein, and substituting, in lieu thereof, the name Stanley Black & Decker, Inc.

B. Section 2 is hereby amended by deleting the phrase Said Stanley Works shall be and remain a body politic and corporate by the name of The Stanley Works , and substituting, in lieu thereof, the following:

Said corporation shall be and remain a body politic and corporate by the name of Stanley Black & Decker, Inc.

C. The first sentence of Section 3 is hereby deleted in its entirety and replaced with the following:

Section 3. The stock of said corporation shall consist of 310,000,000 shares, divided into 300,000,000 common shares of the par value of \$2.50 per share and 10,000,000 preferred shares, without par value.

3: The amendment was adopted on , .

4: The amendment was duly approved by the shareholders in the manner required by sections 33-600 to 33-998 of the Connecticut General Statutes, inclusive, and by the Restated Certificate of Incorporation.

[Signature page follows]

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ANNEX F

**THE STANLEY WORKS
2009 LONG-TERM INCENTIVE PLAN**

As amended effective

Section 1. Purpose

The purposes of this Long-Term Incentive Plan (the **Plan**), as amended effective (the **Amendment Effective Date**), are to encourage selected salaried employees of The Stanley Works (together with any successor thereto, the **Company**) and selected salaried employees and non-employee directors of its Affiliates (as defined below) to acquire a proprietary interest in the growth and performance of the Company, to generate an increased incentive to contribute to the Company's future success and prosperity, thus enhancing the value of the Company for the benefit of its shareholders, and to enhance the ability of the Company and its Affiliates to attract and retain exceptionally qualified individuals upon whom, in large measure, the sustained progress, growth and profitability of the Company depend.

Section 2. Definitions

As used in the Plan, the following terms shall have the meanings set forth below:

- (a) **Affiliate** shall mean (i) any entity that, directly or through one or more intermediaries, is controlled by the Company and (ii) any entity in which the Company has a significant equity interest, as determined by the Committee.
- (b) **Award** shall mean any Option, Stock Appreciation Right, Restricted Stock, Restricted Stock Unit, Performance Award, Dividend Equivalent, or Other Stock-Based Award granted under the Plan.
- (c) **Award Agreement** shall mean any written agreement, contract, or other instrument or document evidencing any Award granted under the Plan. An Award Agreement may be in an electronic medium.
- (d) **Board of Directors** or **Board** shall mean the Board of Directors of the Company.
- (e) **Code** shall mean the Internal Revenue Code of 1986, as amended from time to time.
- (f) **Committee** shall mean the Compensation and Organization Committee of the Board.
- (g) **Dividend Equivalent** shall mean any right granted under Section 6(e) of the Plan.
- (h) **Exchange Act** shall mean the Securities Exchange Act of 1934, as amended from time to time.
- (i) **Fair Market Value** shall mean, with respect to any property other than Shares, the fair market value of such property determined by such methods or procedures as shall be established from time to time by the Committee, and with respect to Shares, shall mean the mean average of the high and the low price of a Share as quoted on the New York Stock Exchange Composite Tape on the date as of which fair market value is to be determined or, if there is no trading of Shares on such date, such mean average of the high and the low price on the next preceding date on which there was such trading.

(j) Immediate family members of a Participant shall mean the Participant's child, stepchild, grandchild, parent, stepparent, grandparent, spouse, former spouse, sibling, niece, nephew, mother-in-law, father-in-law, son-in-law, daughter-in-law, brother-in-law, or sister-in-law, including adoptive relationships, any person sharing the employee's household (other than a tenant or employee), a trust in which these persons have more than fifty percent of the beneficial interest, a foundation in which these persons (or the employee) control the management of assets, and any other entity in which these persons (or the employee) own more than fifty percent of the voting interests.

(k) Incentive Stock Option shall mean an option granted under Section 6(a) of the Plan that is intended to meet the requirements of Section 422 of the Code, or any successor provision thereto.

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- (l) 1997 Plan shall mean the Company's 1997 Long-Term Incentive Plan.
- (m) Non-Employee Director shall mean any non-employee director of an Affiliate.
- (n) Non-Qualified Stock Option shall mean an option granted under Section 6(a) of the Plan that is not intended to be an Incentive Stock Option.
- (o) Option shall mean an Incentive Stock Option or a Non-Qualified Stock Option.
- (p) Other Stock-Based Award shall mean any right granted under Section 6(f) of the Plan.
- (q) Participant shall mean a Salaried Employee or Non-Employee Director designated to be granted an Award under the Plan.
- (r) Performance Award shall mean any Award granted under Section 6(d) of the Plan.
- (s) Person shall mean any individual, corporation, partnership, association, joint-stock company, trust, unincorporated organization, or government or political subdivision thereof.
- (t) Released Securities shall mean securities that were Restricted Securities with respect to which all applicable restrictions have expired, lapsed, or been waived.
- (u) Restricted Securities shall mean securities covered by Awards of Restricted Stock or other Awards under which issued and outstanding Shares are held subject to certain restrictions.
- (v) Restricted Stock shall mean any Share granted under Section 6(c) of the Plan.
- (w) Restricted Stock Unit shall mean any right granted under Section 6(c) of the Plan that is denominated in Shares.
- (x) Salaried Employee shall mean any salaried employee of the Company or of any Affiliate.
- (y) Shares shall mean shares of the common stock of the Company, par value \$2.50 per share, and such other securities or property as may become the subject of Awards, or become subject to Awards, pursuant to an adjustment made under Section 4(b) of the Plan.
- (z) Stock Appreciation Right shall mean any right granted under Section 6(b) of the Plan.
- (aa) 2001 Plan shall mean the Company's 2001 Long-Term Incentive Plan.

Section 3. Administration

Except as otherwise provided herein, the Plan shall be administered by the Committee. Subject to the terms of the Plan and applicable law, the Committee shall have full power and authority to: (i) designate Participants; (ii) determine the type or types of Awards to be granted to each Participant under the Plan; (iii) determine the number of Shares to be covered by or with respect to which payments, rights, or other matters are to be calculated in connection with Awards; (iv) determine the terms and conditions of any Award; (v) determine whether, to what extent, and under what circumstances Awards may be settled or exercised in cash, Shares, other securities, other Awards, or other property, or canceled, forfeited, or suspended, and the method or methods by which Awards may be settled, exercised, canceled,

forfeited, or suspended; (vi) determine in accordance with the requirements of Section 409A of the Code whether, to what extent, and under what circumstances cash, Shares, other securities, other Awards, other property and other amounts payable with respect to an Award under the Plan shall be deferred either automatically or at the election of the holder thereof or of the Committee; (vii) interpret and administer the Plan and any instrument or agreement relating to, or Award made under, the Plan; (viii) establish, amend, suspend, or waive such rules and regulations and appoint such agents as it shall deem appropriate for the proper administration of the Plan; and (ix) make any other determination and take any other action that the Committee deems necessary or desirable for the administration of the Plan. Unless otherwise expressly provided in the Plan, all designations,

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determinations, interpretations, and other decisions under or with respect to the Plan or any Award shall be within the sole discretion of the Committee, may be made at any time, and shall be final, conclusive, and binding upon all Persons, including the Company, any Affiliate, any Participant, any holder or beneficiary of any Award, any shareholder, and any employee of the Company or of any Affiliate. All elective deferrals permitted pursuant to this Section 3 shall be accomplished by the delivery of a written, irrevocable election by the Participant on a form provided by the Company. All deferrals shall be made in accordance with administrative guidelines established by the Committee to ensure that such deferrals comply with all applicable requirements of Section 409A of the Code. The Committee may credit interest, at such rates to be determined by the Committee, on cash payments that are deferred and credit dividends or dividend equivalents on deferred payments denominated in the form of Shares. The Committee may, in its discretion, require deferral of payment of any Award (other than an Option or Stock Appreciation Right) or portion thereof if the deduction with respect to such payment would, or could in the reasonable anticipation of the Committee, not be permitted due to the application of Section 162(m) of the Code.

Section 4. Shares Available for Awards

(a) *Shares Available.* Subject to adjustment as provided in Section 4(b):

(i) *Calculation of Number of Shares Available.* The number of Shares authorized to be issued in connection with the granting of Awards under the Plan (which, for purposes of clarity, shall include any Shares delivered pursuant to Awards granted under the Plan prior to the Amendment Effective Date) is thirteen million two hundred thousand (13,200,000). If any Shares covered by an Award granted under the Plan or by an award granted under the 2001 Plan or the 1997 Plan, or to which such an Award or award relates, are forfeited, or if an Award or award otherwise terminates without the delivery of Shares or of other consideration, then the Shares covered by such Awards or award, or to which such Award or award relates, or the number of Shares otherwise counted against the aggregate number of Shares available under the Plan with respect to such Award or award, to the extent of any such forfeiture or termination, shall again be, or shall become available for granting Awards under the Plan. Notwithstanding the foregoing but subject to adjustment as provided in Section 4(b), no more than one million (1,000,000) Shares shall be cumulatively available for delivery pursuant to the exercise of Incentive Stock Options. In the case of any Awards granted under the Plan following the Amendment Effective Date, (x) each Share with respect to which an Option or stock-settled Stock Appreciation Right is granted under the Plan shall reduce the aggregate number of Shares that may be delivered under the Plan by one Share and (y) each share with respect to which any other Award denominated in Shares is granted under the Plan shall reduce the aggregate number of Shares that may be delivered under the Plan by 2.25 Shares.

(ii) *Accounting for Awards.* For purposes of this Section 4,

(A) if an Award (other than a Dividend Equivalent) is denominated in Shares, the number of Shares covered by such Award, or to which such Award relates, shall be counted on the date of grant of such Award against the aggregate number of Shares available for granting Awards under the Plan; and

(B) Dividend Equivalents shall be counted against the aggregate number of Shares available for granting Awards under the Plan, if at all, only in such amount and at such time as the Committee shall determine under procedures adopted by the Committee consistent with the purposes of the Plan; provided, however, that Awards that operate in tandem with (whether granted simultaneously with or at a different time from), or that are substituted for, other Awards or awards granted under the 2001 Plan or the 1997 Plan may be counted or not counted under procedures adopted by the Committee in order to avoid double counting. Any Shares that are delivered by the Company, and any Awards that are granted by, or become obligations of, the Company through the assumption by the Company or an Affiliate of, or in substitution for, outstanding awards previously granted by an acquired company, shall not be counted against the Shares available for granting Awards under the Plan.

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(iii) *Sources of Shares Deliverable Under Awards.* Any Shares delivered pursuant to an Award may consist, in whole or in part, of authorized and unissued Shares or of treasury Shares.

(b) *Adjustments.* In the event that the Committee shall determine that any dividend or other distribution (whether in the form of cash, Shares, other securities, or other property), recapitalization, stock split, reverse stock split, reorganization, merger, consolidation split-up, spin-off, combination repurchase, or exchange of Shares or other securities of the Company, issuance of warrants or other rights to purchase Shares or other securities of the Company, or other similar corporate transaction or event affects the Shares such that an adjustment is determined by the Committee to be appropriate in order to prevent dilution or enlargement of the benefits or potential benefits intended to be made available under the Plan, then the Committee shall, in such manner as it may deem equitable, adjust any or all of (i) the number and type of Shares (or other securities or property) which thereafter may be made the subject of Awards, (ii) the number and type of Shares (or other securities or property) subject to outstanding Awards, (iii) the number and type of Shares (or other securities or property) specified as the annual per-participant limitation under Sections 6(g)(vi) and 6(g)(viii), and (iv) the grant, purchase, or exercise price with respect to any Award, or, if deemed appropriate, make provision for a cash payment to the holder of an outstanding Award; provided, however, in each case, that with respect to Awards of Incentive Stock Options no such adjustment shall be authorized to the extent that such authority would cause the Plan to violate Section 422(b)(1) of the Code or any successor provision thereto; and provided further, however, that the number of Shares subject to any Award denominated in Shares shall always be a whole number.

Section 5. Eligibility

Any Salaried Employee, including any officer or employee-director of the Company or of any Affiliate, and any Non-Employee Director, who is not a member of the Committee shall be eligible to be designated a Participant.

Section 6. Awards

(a) *Options.* The Committee is hereby authorized to grant Options to Participants with the following terms and conditions and with such additional terms and conditions, in either case not inconsistent with the provisions of the Plan, as the Committee shall determine:

(i) *Exercise Price.* The purchase price per Share purchasable under an Option shall be determined by the Committee; provided, however, that such purchase price shall not be less than the Fair Market Value of a Share on the date of grant of such Option (or, if the Committee so determines, in the case of any Option retroactively granted in tandem with or in substitution for another Award or any outstanding award granted under any other plan of the Company, on the date of grant of such other Award or award).

(ii) *Option Term.* The term of each Option shall be fixed by the Committee; provided, however, that in no event shall the term of any Option exceed a period of ten years from the date of its grant.

(iii) *Time and Method of Exercise.* The Committee shall determine the time or times at which an Option may be exercised in whole or in part, and the method or methods by which, and the form or forms, including, without limitation, cash, Shares, other Awards, or other property, or any combination thereof, having a Fair Market Value on the exercise date equal to the relevant exercise price, in which, payment of the exercise price with respect thereto may be made or deemed to have been made.

(iv) *Incentive Stock Options.* The terms of any Incentive Stock Option granted under the plan shall comply in all respects with the provisions of Section 422 of the Code, or any successor provision thereto, and any regulations promulgated thereunder. No Incentive Stock Option shall be granted to any Non-Employee Director who is not

otherwise an employee of the Company or any of its Affiliates.

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(v) *Transferability.* An Option shall not be transferable other than by will or the laws of descent and distribution or pursuant to a domestic relations order, as defined in the Code, and, during the Participant's lifetime, shall be exercisable only by the Participant, except that the Committee may:

(A) permit exercise, during the Participant's lifetime, by the Participant's guardian or legal representative; and

(B) permit transfer, upon the Participant's death, to beneficiaries designated by the Participant in a manner authorized by the Committee, provided that the Committee determines that such exercise and such transfer are consonant with requirements for exemption from Section 16(b) of the Exchange Act and, with respect to an Incentive Stock Option, the requirements of Section 422(b)(5) of the Code; and

(C) grant Non-Qualified Stock Options that are transferable, or amend outstanding Non-Qualified Stock Options to make them so transferable, without payment of consideration, to Immediate Family of the Participant.

(b) *Stock Appreciation Rights.* The Committee is hereby authorized to grant Stock Appreciation Rights to Participants. Subject to the terms of the Plan and any applicable Award Agreement, a Stock Appreciation Right granted under the Plan shall confer on the holder thereof a right to receive in cash or Shares, at the Company's sole discretion, upon exercise thereof, the excess of (i) the Fair Market Value of one Share on the date of exercise over (ii) the grant price of the right as specified by the Committee, which shall not be less than the Fair Market Value of one Share on the date of grant of the Stock Appreciation Right (or, if the Committee so determines, in the case of any Stock Appreciation Right retroactively granted in tandem with or in substitution for another Award or any outstanding award granted under any other plan of the Company, on the date of grant of such other Award or award). Subject to the terms of the Plan and any applicable Award Agreement, the grant price, term, methods of exercise, methods of settlement, and any other terms and conditions of any Stock Appreciation Right shall be as determined by the Committee; provided that no Stock Appreciation Right shall be exercisable more than ten (10) years from the date of grant. The Committee may impose such conditions or restrictions on the exercise of any Stock Appreciation Right as it may deem appropriate.

(c) *Restricted Stock and Restricted Stock Units.*

(i) *Issuance.* The Committee is hereby authorized to grant Awards of Restricted Stock and Restricted Stock Units to Participants.

(ii) *Restrictions.* Shares of Restricted Stock and Restricted Stock Units shall be subject to such restrictions as the Committee may impose (including, without limitation, any limitation on the right to vote a Share of Restricted Stock or the right to receive any dividend or other right or property), which restrictions, subject to Section 6(e), may lapse separately or in combination at such time or times, in such installments or otherwise, as the Committee may deem appropriate.

(iii) *Registration.* Any Restricted Stock granted under the Plan may be evidenced in such manner as the Committee may deem appropriate, including, without limitation, book-entry registration or issuance of a stock certificate or certificates. In the event any stock certificate is issued in respect of Shares of Restricted Stock granted under the Plan, such certificate shall be registered in the name of the Participant and shall bear an appropriate legend referring to the terms, conditions, and restrictions applicable to such Restricted Stock.

(iv) *Forfeiture.* Except as otherwise determined by the Committee, upon termination of employment (as determined under criteria established by the Committee) for any reason during the applicable restriction period, all Shares of Restricted Stock and all Restricted Stock Units still, in either case, subject to restriction shall be forfeited and reacquired by the Company; provided, however, that the Committee may, when it finds that a waiver would be in the

best interests of the Company, waive in whole or in part any or all remaining restrictions with respect to Shares of Restricted Stock or Restricted Stock Units. Unrestricted Shares, evidenced in such manner as the Committee shall deem appropriate,

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shall be delivered to the holder of Restricted Stock promptly after such Restricted Stock shall become Released Securities.

(v) *Restricted Stock Units.* Notwithstanding anything to the contrary in the Plan or in any Award Agreement, Restricted Stock Units shall be subject to the following requirements. Unless previously forfeited, and subject to Section 10(b), Restricted Stock Units shall be settled on the 30th day following the earliest of (I) the applicable vesting date set forth in the Award Agreement, (II) the Participant's death, (III) the Participant's separation from service within the meaning of Section 409A of the Code after attaining the age of 55 and completing 10 years of service or as a result of a disability within the meaning of Section 22(e)(3) of the Code. If the Committee reasonably anticipates that making a payment in respect of Restricted Stock Units may violate Federal securities laws or other applicable law, such payment may be delayed and made in accordance with Section 409A of the Code and Section 1.409A-2(b)(7)(ii) of the Treasury Regulations thereunder.

(d) *Performance Awards.* The Committee is hereby authorized to grant Performance Awards to Participants. Subject to the terms of the Plan and any applicable Award Agreement, a Performance Award granted under the Plan (i) may be denominated or payable in cash, Shares (including without limitation, Restricted Stock), other securities, other Awards, or other property and (ii) shall confer on the holder thereof rights valued as determined by the Committee and payable to, or exercisable by, the holder of the Performance Award, in whole or in part, upon the achievement of such performance goals during such performance periods as the Committee shall establish.

Performance goals shall be based on one or more of the following criteria, determined in accordance with generally accepted accounting principles, where applicable: (i) pre-tax income or after-tax income; (ii) earnings including operating income, earnings before or after taxes, earnings before or after interest, depreciation, amortization, or extraordinary or special items; (iii) net income excluding amortization of intangible assets, depreciation and impairment of goodwill and intangible assets; (iv) operating income; (v) earnings or book value per share (basic or diluted); (vi) return on assets (gross or net), return on investment, return on capital, or return on equity; (vii) return on revenues; (viii) net tangible assets (working capital plus property, plants and equipment) or return on net tangible assets (operating income divided by average net tangible assets) or working capital; (ix) operating cash flow (operating income plus or minus changes in working capital less capital expenditures); (x) cash flow, free cash flow, cash flow return on investment (discounted or otherwise), net cash provided by operations, or cash flow in excess of cost of capital; (xi) sales or sales growth; (xii) operating margin or profit margin; (xiii) share price or total shareholder return; (xiv) earnings from continuing operations; (xv) cost targets, reductions or savings, productivity or efficiencies; (xvi) economic value added; and (xvii) strategic business criteria, consisting of one or more objectives based on meeting specified market penetration or market share, geographic business expansion, customer satisfaction, employee satisfaction, human resources management, financial management, project management, supervision of litigation, information technology, or goals relating to divestitures, joint ventures or similar transactions.

Where applicable, the performance goals may be expressed in terms of attaining a specified level of the particular criterion or the attainment of a percentage increase or decrease in the particular criterion, and may be applied to one or more of the Company or a parent or subsidiary of the Company, or a division or strategic business unit of the Company, all as determined by the Committee. The performance goals may include a threshold level of performance below which no payment will be made (or no vesting will occur), levels of performance at which specified payments will be paid (or specified vesting will occur) and a maximum level of performance above which no additional payment will be made (or at which full vesting will occur).

Subject to the terms of the Plan and any applicable Awards Agreement, the performance goals to be achieved during any performance period, the length of any performance period, the amount of any Performance Award granted, and the amount of any payment or transfer to be made pursuant to any Performance Award shall be determined by the Committee.

(e) *Dividend Equivalents*. The Committee is hereby authorized to grant to Participants Awards (other than Awards in respect of Options and Stock Appreciation Rights) under which the holders thereof shall be

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entitled to receive payments equivalent to dividends or interest with respect to a number of Shares determined by the Committee, and the Committee may provide that such amounts (if any) shall be deemed to have been reinvested in additional Shares or otherwise reinvested. Dividend equivalents credited in respect of an Award will vest (or be forfeited) and will settle at the same time as the underlying Award to which they relate. Subject to the terms of the Plan and any applicable Awards Agreement, such Awards may have such additional terms and conditions as the Committee shall determine.

(f) *Other Stock-Based Awards.* The Committee is hereby authorized to grant to Participants such other Awards that are denominated or payable in, valued in whole or in part by reference to, or otherwise based on or related to, Shares (including, without limitation, securities convertible into Shares), as are deemed by the Committee to be consistent with the purposes of the Plan, provided, however, that such grants must comply with applicable law. Subject to the terms of the Plan and any applicable Award Agreement, the Committee shall determine the terms and conditions of such Awards. Shares or other securities delivered pursuant to a purchase right granted under this Section 6(f) shall be purchased for such consideration, which may be paid by such method or methods and in such form or forms, including, without limitation, cash, Shares, other securities, other Awards, or other property, or any combination thereof, as the Committee shall determine, the value of which consideration, as established by the Committee, shall not be less than the Fair Market Value of such Shares or other securities as of the date such purchase right is granted (or, if the Committee so determines, in the case of any such purchase right retroactively granted in tandem with or in substitution for another Award or any outstanding award granted under any other plan of the Company, on the date of grant of such other Award or award).

(g) *General.*

(i) *No Cash Consideration for Awards.* Awards may be granted for no cash consideration or for such minimal cash consideration as may be required by applicable law.

(ii) *Awards May Be Granted Separately or Together.* Awards may, in the discretion of the Committee, be granted either alone or in addition to, in tandem with, or in substitution for any other Award or any awards granted under any other plan of the Company or any Affiliate. Awards granted in addition to or in tandem with other Awards, or in addition to or in tandem with awards granted under any other plan of the Company or any Affiliate, may be granted either at the same time as or at a different time from the grant of such other Awards or awards.

(iii) *Forms of Payment Under Awards.* Subject to the terms of the Plan and of any applicable Award Agreement, payments or transfers to be made by the Company or an Affiliate upon the grant, exercise, or payment of an Award may be made in such form or forms as the Committee shall determine, including, without limitation, cash, Shares, other securities, other Awards, or other property, or any combination thereof, and may be made in a single payment or transfer, in installments, or on a deferred basis, in each case in accordance with rules and procedures established by the Committee. Such rules and procedures may include, without limitation, provisions for the payment or crediting of reasonable interest on installment or deferred payments or the grant or crediting of Dividend Equivalents in respect of installment or deferred payments.

(iv) *Limits on Transfer of Awards.* Except as provided in Section 6(a) above regarding Options, no Award (other than Released Securities), and no right under any such Award, shall be assignable, alienable, saleable, or transferable by a Participant otherwise than by will or by the laws of descent and distribution or pursuant to a qualified domestic relations order, as defined in the Code (or, in the case of an Award of Restricted Securities, to the Company); provided, however, that, if so determined by the Committee, a Participant may, in the manner established by the Committee, designate a beneficiary or beneficiaries to exercise the rights of the Participant, and to receive any property distributable, with respect to any Award upon the death of the Participant. Each Award, and each right under any Award, shall be exercisable, during the Participant's lifetime, only by the Participant or, if permissible under

applicable law, by the Participant's guardian or legal representative. No Award (other than Released Securities), and no right under any such Award, may be pledged, alienated, attached, or otherwise encumbered, and any purported pledge, alienation, attachment, or encumbrance thereof shall be void and

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unenforceable against the Company or any Affiliate. Except as permitted under Section 409A of the Code, any deferred compensation (within the meaning of Section 409A of the Code) payable to Participant or for a Participant's benefit under this Plan and Awards hereunder may not be reduced by, or offset against, any amount owing by a Participant to the Company or any Affiliate.

(v) *Terms of Awards.* The Term of each Award shall be for such period as may be determined by the Committee; provided, however, that in no event shall the term of any Incentive Stock Option exceed a period of ten years from the date of its grant.

(vi) *Per-Person Limitation on Options and SARs.* The number of Shares with respect to which Options and SARs may be granted under the Plan to an individual Participant in any three-year period from January 4, 2009 through the end of the term shall not exceed four million (4,000,000) Shares, subject to adjustment as provided in Section 4(b).

(vii) *Share Certificates.* All certificates for Shares or other securities delivered under the Plan pursuant to any Award or the exercise thereof shall be subject to such stop transfer orders and other restrictions as the Committee may deem advisable under the Plan or the rules, regulations, and other requirements of the Securities and Exchange Commission, any stock exchange upon which such Shares or other securities are then listed, and any applicable Federal or state securities laws, and the Committee may cause a legend or legends to be put on any such certificates to make appropriate reference to such restrictions.

(viii) *Maximum Payment Amount.* The maximum fair market value of payments to any executive officer made in connection with any long-term performance awards (except for payments made in connection with Options or Stock Appreciation Rights) granted under the Plan shall not, during any three-year period, exceed four percent of the Company's shareholders' equity as of the end of the year immediately preceding the commencement of such three-year period.

Section 7. Amendment and Termination

Except to the extent prohibited by applicable law and unless otherwise expressly provided in an Award Agreement or in the Plan:

(a) *Amendments to the Plan.* The Board of Directors of the Company may amend, alter, suspend, discontinue, or terminate the Plan, including, without limitation, any amendment, alteration, suspension, discontinuation, or termination that would impair the rights of any Participant, or any other holder or beneficiary of any Award theretofore granted, without the consent of any shareholder, Participant, other holder or beneficiary of an Award, or other Person; provided, however, that, notwithstanding any other provision of the Plan or any Award Agreement, without the approval of the shareholders of the Company no such amendment, alteration, suspension, discontinuation, or termination shall be made that would:

(i) increase the total number of Shares available for Awards under the Plan, except as provided in Section 4 hereof; or

(ii) permit Options, Stock Appreciation Rights, or other Stock-Based Awards encompassing rights to purchase Shares to be granted with per Share grant, purchase, or exercise prices of less than the Fair Market Value of a Share on the date of grant thereof, except to the extent permitted under Sections 6(a), 6(b), or 6(f) hereof.

(b) *Adjustments of Awards Upon Certain Acquisitions.* In the event the Company or any Affiliate shall assume outstanding employee awards or the right or obligation to make future such awards in connection with the acquisition of another business or another corporation or business entity, the Committee may make such adjustments, not inconsistent with the terms of the Plan, in the terms of Awards as it shall deem appropriate in order to achieve

reasonable comparability or other equitable relationship between the assumed awards and the Awards granted under the Plan as so adjusted.

(c) *Adjustments of Awards Upon the Occurrence of Certain Unusual or Nonrecurring Events.* The Committee shall be authorized to make adjustments in the terms and conditions of, and the criteria

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included in, Awards in recognition of unusual or nonrecurring events (including, without limitation, the events described in Section 4(b) hereof) affecting the Company, any Affiliate, or the financial statements of the Company or any Affiliate, or of changes in applicable laws, regulations, or accounting principles, whenever the Committee determines that such adjustments are appropriate in order to prevent dilution or enlargement of the benefits or potential benefits to be made available under the Plan; provided that such adjustments shall be consistent with the requirements of Section 162(m) of the Code with regard to Awards subject to Section 162(m) of the Code.

(d) *Certain Adjustments of Awards Not Permitted.* Except in connection with an event or transaction described in subsections (b) or (c) or Section 4(b), the terms of outstanding Awards may not be amended to reduce the purchase price per share purchasable under an Option or the grant price of Stock Appreciation Rights, or cancel outstanding Options or Stock Appreciation Rights in exchange for cash, other Awards or Options or Stock Appreciation Rights with a purchase price per share or grant price, as applicable, that is less than the purchase price per share or grant price of the original Options or Stock Appreciation Rights, as applicable, without shareholder approval.

(e) *Correction of Defects, Omissions and Inconsistencies.* The Committee may correct any defect, supply any omission, or reconcile any inconsistency in the Plan or any Award in the manner and to the extent it shall deem desirable to carry the Plan into effect.

Section 8. General Provisions

(a) *No Rights to Awards.* No Salaried Employee, Participant or other Person shall have any claim to be granted any Award under the Plan, and there is no obligation for uniformity of treatment of Salaried Employees, Participants, or holders or beneficiaries of Awards under the Plan. The terms and conditions of Awards need not be the same with respect to each recipient.

(b) *Delegation.* The Committee may delegate to one or more officers or managers of the Company or any Affiliate, or a committee of such officers or managers, the authority, subject to such terms and limitations as the Committee shall determine, to grant Awards to, or to cancel, modify, waive rights with respect to, alter, discontinue, suspend or terminate Awards held by, Salaried Employees who are not officers of the Company for purposes of Section 16 of the Exchange Act.

(c) *Withholding.* The Company or any Affiliate shall be authorized to withhold from any Award granted or any payment due or transfer made under any Award or under the Plan the minimum amount (in cash, Shares, other securities, other Awards, or other property) of withholding taxes due in respect of an Award, its exercise, or any payment or transfer under such Awards or under the Plan and to take such other action as may be necessary in the opinion of the Company or Affiliate to satisfy all obligations for the payment of such taxes.

(d) *No Limit on Other Compensation Arrangements.* Nothing contained in the Plan shall prevent the Company or any Affiliate from adopting or continuing in effect other or additional compensation arrangements, and such arrangements may be either generally applicable or applicable only in specific cases.

(e) *No Right to Employment.* The grant of an Award shall not be construed as giving a Participant the right to be retained in the employ of the Company or any Affiliate. Further, the Company or an Affiliate may at any time dismiss a Participant from employment, free from any liability, or any claim under the Plan, unless otherwise expressly provided in the Plan or in any Award Agreement.

(f) *Governing Law.* The validity, construction, and effect of the Plan and any rules and regulations relating to the Plan shall be determined in accordance with the laws of the State of Connecticut and applicable Federal law.

(g) *Severability*. If any provision of the Plan or any Award is or becomes or is deemed to be invalid, illegal, or unenforceable in any jurisdiction, or as to any Person or Award, or would disqualify the Plan or any Award under any law deemed applicable by the Committee, such provision shall be construed or deemed amended to conform to applicable laws, or if it cannot be so construed or deemed amended without, in the

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determination of the Committee, materially altering the intent of the Plan or the Award, such provision shall be stricken as to such jurisdiction, Person, or Award, and the remainder of the Plan and any such Award shall remain in full force and effect.

(h) *No Trust or Fund Created.* Neither the Plan nor any Award shall create or be construed to create a trust or separate fund of any kind or a fiduciary relationship between the Company or any Affiliate and a Participant or any other Person. To the extent that any Person acquires a right to receive payments from the Company or any Affiliate pursuant to an Award, such right shall be no greater than the right of any unsecured general creditor of the Company or any Affiliate.

(i) *No Fractional Shares.* No fractional Shares shall be issued or delivered pursuant to the Plan or any Award, and the Committee shall determine whether cash, other securities, or other property shall be paid or transferred in lieu of any fractional Shares, or whether such fractional Shares or any rights thereto shall be canceled, terminated, or otherwise eliminated.

(j) *Headings.* Headings are given to the Sections and subsections of the Plan solely as a convenience to facilitate reference. Such headings shall not be deemed in any way material or relevant to the construction or interpretation of the Plan or any provision thereof.

Section 9. Change in Control

(a) Upon the occurrence of a Change in Control (as hereinafter defined), unless otherwise determined by the Committee and set forth in an Award Agreement:

(i) all Options and Stock Appreciation Rights, whether granted as performance awards or otherwise, shall become immediately exercisable in full for the remainder of their terms, and Grantees shall have the right to have the Company purchase all or any number of such Options or Stock Appreciation Rights for cash for a period of thirty (30) days following a Change in Control at the Option Acceleration Price (as hereinafter defined); and

(ii) all restrictions applicable to all Restricted Stock and Restricted Stock Units, whether such Restricted Stock and Restricted Stock Units were granted as performance awards or otherwise, shall immediately lapse and have no effect, and Grantees shall have the right to have the Company purchase all or any number of such Restricted Stock Units and shares of Restricted Stock for cash for a period of thirty (30) days following a Change in Control at the Restricted Stock Acceleration Price (as hereinafter defined).

(iii) In addition, for each Option or Stock Appreciation Right with a purchase price per share or grant price, as applicable, that is greater than the consideration offered in connection with any Change in Control, the Committee may in its sole discretion elect to cancel such Option or Stock Appreciation Right without any payment to the person holding such Option or Stock Appreciation Right.

(b) (i) The Restricted Stock Acceleration Price is the highest of the following on the date of a Change in Control:

(A) the highest reported sales price of a share of the Common Stock within the sixty (60) days preceding the date of a Change in Control, as reported on any securities exchange upon which the Common Stock is listed,

(B) the highest price of a share of the Common Stock reported in a Schedule 13D or an amendment thereto as paid within the sixty (60) days preceding the date of the Change in Control,

(C) the highest tender offer price paid for a share of the Common Stock, and

(D) any cash merger or similar price paid for a share of the Common Stock.

(ii) The Option Acceleration Price is the excess of the price received by shareholders of the Company for one Share pursuant to the Change in Control over the exercise price or the grant price of the award; provided, however, that the Option Acceleration Price is limited to the spread between the Fair Market Value

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(which shall be based on the per Share price received by the shareholders of the Company pursuant to such Change in Control) and the exercise price or grant price. In the event the Change in Control is effected pursuant to a stock-for-stock transaction, the price received by shareholders of the Company for one Share pursuant to the Change in Control shall be calculated using the exchange ratio applied in the transaction.

(c) A Change in Control shall be deemed to have occurred if the event set forth in any one of the following paragraphs shall have occurred:

(I) any Person, as hereinafter defined, is or becomes the Beneficial Owner, as hereinafter defined, directly or indirectly, of securities of the Company, as hereinafter defined, (not including in the securities beneficially owned by such Person any securities acquired directly from the Company or its Affiliates) representing 25% or more of the combined voting power of the Company's then outstanding securities, excluding any Person who becomes such a Beneficial Owner in connection with a transaction described in clause (i) of paragraph (III) below; or

(II) the following individuals cease for any reason to constitute a majority of the number of directors then serving: individuals who, on the date hereof, constitute the Board and any new director (other than a director whose initial assumption of office is in connection with an actual or threatened election contest, including but not limited to a consent solicitation, relating to the election of directors of the Company) whose appointment or election by the Board or nomination for election by the Company's shareholders was approved or recommended by a vote of at least two thirds (2/3) of the directors then still in office who either were directors on December 17, 2003 or whose appointment, election or nomination for election was previously so approved or recommended; or

(III) there is consummated a merger or consolidation of the Company or any direct or indirect subsidiary of the Company with any other corporation or other entity, other than (i) a merger or consolidation which results in the voting securities of the Company outstanding immediately prior to such merger or consolidation continuing to represent (either by remaining outstanding or by being converted into voting securities of the surviving entity or any parent thereof) at least 50% of the combined voting power of the securities of the Company or such surviving entity or any parent thereof outstanding immediately after such merger or consolidation, or (ii) a merger or consolidation effected to implement a recapitalization of the Company (or similar transaction) in which no Person is or becomes the Beneficial Owner, directly or indirectly, of securities of the Company (not including in the securities Beneficially Owned by such Person any securities acquired directly from the Company or its Affiliates) representing 25% or more of the combined voting power of the Company's then outstanding securities; or

(IV) the shareholders of the Company approve a plan of complete liquidation or dissolution of the Company or there is consummated an agreement for the sale or disposition by the Company of all or substantially all of the Company's assets, other than a sale or disposition by the Company of all or substantially all of the Company's assets to an entity, at least 50% of the combined voting power of the voting securities of which are owned by shareholders of the Company in substantially the same proportions as their ownership of the Company immediately prior to such sale.

(V) Notwithstanding any provision of this Plan to the contrary, to the extent an award shall be deemed to be vested or restrictions lapse, expire or terminate upon the occurrence of a Change in Control and such Change in Control is not described by Section 409A(a)(2)(A)(v) of the Code, then any resulting payment permitted by Section 9 that would be considered deferred compensation under Section 409A of the Code will instead be made to the Participant on the 30th day following the earliest of (A) the Participant's separation from service with the Company (determined in accordance with Section 409A of the Code); (B) the date payment otherwise would have been made in the absence of any provisions in this Plan to the contrary (provided such date is permissible under Section 409A of the Code), or (C) the Participant's death.

(d) Solely for purposes of Section 9(c) and (d), and notwithstanding anything to the contrary in any other provision of this Plan, the following terms shall have the meanings indicated below:

1. **Beneficial Owner** shall have the meaning set forth in Rule 13d-3 under the Exchange Act.

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2. **Company** shall mean The Stanley Works.

3. **Person** shall have the meaning given in Section 3(a)(9) of the Exchange Act, as modified and used in Sections 13(d) and 14(d) thereof, except that such term shall not include (i) the Company or any of its subsidiaries, (ii) a trustee or other fiduciary holding securities under an employee benefit plan of the Company or any of its Affiliates, (iii) an underwriter temporarily holding securities pursuant to an offering of such securities, or (iv) a corporation owned, directly or indirectly, by the shareholders of the Company in substantially the same proportions as their ownership of stock of the Company.

Section 10. Compliance with Section 409A of the Code.

(a) To the extent applicable, it is intended that this Plan and any grants made hereunder comply with the provisions of Section 409A of the Code, so that the income inclusion provisions of Section 409A(a)(1) of the Code do not apply to Participants. This Plan and any Awards granted hereunder shall be administered in a manner consistent with this intent. Any reference in this Plan to Section 409A of the Code will also include any regulations or any other formal guidance promulgated with respect to such Section by the U.S. Department of the Treasury or the Internal Revenue Service.

(b) If at the time of a Participant's separation from service (within the meaning of Section 409A of the Code), (i) the Participant shall be a specified employee (within the meaning of Section 409A of the Code and using the identification methodology selected by the Company from time to time) and (ii) the Company shall make a good faith determination that an amount payable hereunder constitutes deferred compensation (within the meaning of Section 409A of the Code) the payment of which is required to be delayed pursuant to the six-month delay rule set forth in Section 409A of the Code in order to avoid taxes or penalties under Section 409A of the Code, then the Company shall not pay such amount on the otherwise scheduled payment date but shall instead pay it, without interest, on the first business day of the seventh month after such six-month period or, if earlier, on the Participant's death.

(c) Notwithstanding any provision of this Plan or of any Award Agreement to the contrary, in light of the uncertainty with respect to the proper application of Section 409A of the Code, the Company reserves the right to make amendments to this Plan and any Award Agreements as the Company deems necessary or desirable to avoid the imposition of taxes or penalties under Section 409A of the Code. In any case, a Participant shall be solely responsible and liable for the satisfaction of all taxes and penalties that may be imposed on a Participant or for a Participant's account in connection with this Plan and any Award Agreements (including any taxes and penalties under Section 409A of the Code), and neither the Company nor any of its affiliates shall have any obligation to indemnify or otherwise hold a Participant harmless from any or all of such taxes or penalties.

Section 11. Effective Date of the Plan

The Plan was originally effective as of January 4, 2009. The effective date of this amendment and restatement of the Plan shall be as of _____, 2010.

Section 12. Term of the Plan

No Award shall be granted under the Plan after January 3, 2019. However, unless otherwise expressly provided in the plan or in an applicable Award Agreement, any Award theretofore granted may extend beyond such date, and the authority of the Committee to amend, alter, or adjust any such Award, or to waive any conditions or rights under any such Award, and the authority of the Board of Directors of the Company to amend the Plan, shall extend beyond such date.

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PART II

INFORMATION NOT REQUIRED IN PROSPECTUS; UNDERTAKINGS

Item 20. *Indemnification of Directors and Officers*

Sections 33-770 through 33-776 of the Connecticut Business Corporation Act provide that a corporation in The Stanley Works circumstances may indemnify a director or officer against judgments, fines, penalties, amounts paid in settlement and reasonable expenses actually incurred by him, including attorneys' fees, for actions brought against him in his capacity as a director or officer, when it is determined by certain disinterested parties that he acted in good faith in a manner he reasonably believed to be in the corporation's best interest (or in the case of conduct not in his official capacity, at least not opposed to the best interests of the corporation). In any criminal action or proceeding, it also must be determined that the director or officer had no reasonable cause to believe that his conduct was unlawful. The director or officer must be indemnified when he is wholly successful on the merits or otherwise in the defense of a proceeding or in circumstances where a court determines that he is entitled to indemnification or that it is fair and reasonable that the director or officer be indemnified. In connection with shareholder derivative suits, the director or officer may not be indemnified except for reasonable expenses incurred in connection with the proceeding (and then only if it is determined that he met the relevant standard of conduct described above), subject, however, to the court's power under Section 33-774 to order indemnification. Unless ordered by a court under Section 33-774, a corporation may not indemnify a director with respect to conduct for which he was adjudged liable on the basis that he received a financial benefit to which he was not entitled, whether or not he was acting in his official capacity.

The Stanley Works certificate of incorporation provides that no director of The Stanley Works will be personally liable to The Stanley Works or any of its shareholders for monetary damages in an amount greater than the compensation received by that director for serving The Stanley Works during the year of the violation to the extent permitted by applicable law, which permits such limitation provided that such violation must not involve a knowing and culpable violation of law, enable the director or an associate to receive an improper personal gain, show a lack of good faith and a conscious disregard for the director's duty to the corporation, amount to an abdication of the director's duty to the corporation, or create liability for an unlawful distribution.

The Stanley Works bylaws also provide for the indemnification of directors and officers to the extent permitted by applicable law.

The Stanley Works has purchased insurance providing officers and directors of The Stanley Works (and their heirs and other legal representatives) coverage against certain liabilities arising from any negligent act, error, omission or breach of duty claimed against them solely by reason of their being such officers and directors, and providing coverage for The Stanley Works against its obligation to provide indemnification as required by the above-described statute.

Because Stanley was incorporated under Connecticut law prior to January 1, 1997 and its certificate of incorporation does not provide otherwise, Stanley is required to indemnify a director to the extent indemnification is permitted under the CBCA, subject to certain exceptions and procedural requirements of the CBCA.

Item 21. *Exhibits*

See Exhibit Index below.

Item 22. *Undertakings*

The undersigned registrant hereby undertakes:

(1) To file, during any period in which offers or sales are being made, a post-effective amendment to this registration statement: (i) to include any prospectus required by Section 10(a)(3) of the Securities Act, as amended (the "Securities Act"); (ii) to reflect in the prospectus any facts or events arising after the effective date of the registration statement (or the most recent post-effective amendment thereof) which, individually or in the aggregate, represent a fundamental change in the information set forth in the registration statement (notwithstanding the foregoing, any increase or decrease in volume of securities

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offered (if the total dollar value of securities offered would not exceed that which was registered) and any deviation from the low or high end of the estimated maximum offering range may be reflected in the form of prospectus filed with the Securities and Exchange Commission pursuant to Rule 424(b) if, in the aggregate, the changes in volume and price represent no more than a 20% change in the maximum aggregate offering price set forth in the Calculation of Registration Fee table in the effective registration statement); and (iii) to include any material information with respect to the plan of distribution not previously disclosed in the registration statement or any material change to such information in the registration statement.

(2) That, for the purpose of determining any liability under the Securities Act, each such post-effective amendment shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.

(3) To remove from registration by means of a post-effective amendment any of the securities being registered which remain unsold at the termination of the offering.

(4) That, for the purpose of determining liability under the Securities Act of 1933 to any purchaser, each prospectus filed pursuant to Rule 424(b) as part of a registration statement relating to an offering, other than registration statements relying on Rule 430B or other than prospectuses filed in reliance on Rule 430A, shall be deemed to be part of and included in the registration statement as of the date it is first used after effectiveness. Provided, however, that no statement made in a registration statement or prospectus that is part of the registration statement or made in a document incorporated or deemed incorporated by reference into the registration statement or prospectus that is part of the registration statement will, as to a purchaser with a time of contract of sale prior to such first use, supersede or modify any statement that was made in the registration statement or prospectus that was part of the registration statement or made in any such document immediately prior to such date of first use.

(5) That, for the purpose of determining liability of the registrant under the Securities Act of 1933 to any purchaser in the initial distribution of the securities, in a primary offering of securities of the undersigned registrant pursuant to this registration statement, regardless of the underwriting method used to sell the securities to the purchaser, if the securities are offered or sold to such purchaser by means of any of the following communications, the undersigned registrant will be a seller to the purchaser and will be considered to offer or sell such securities to such purchaser: (i) any preliminary prospectus or prospectus of the undersigned registrant relating to the offering required to be filed pursuant to Rule 424; (ii) any free writing prospectus relating to the offering prepared by or on behalf of the undersigned registrant or used or referred to by the undersigned registrant; (iii) the portion of any other free writing prospectus relating to the offering containing material information about the undersigned registrant or its securities provided by or on behalf of the undersigned registrant; and (iv) any other communication that is an offer in the offering made by the undersigned registrant to the purchaser.

(6) That, for purposes of determining any liability under the Securities Act, each filing of the registrant's annual report pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended (and, where applicable, each filing of an employee benefit plan's annual report pursuant to Section 15(d) of the Securities Exchange Act of 1934, as amended) that is incorporated by reference in this registration statement shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.

(7) That prior to any public reoffering of the securities registered hereunder through use of a prospectus which is a part of this registration statement by any person or party who is deemed to be an underwriter within the meaning of Rule 145(c), the registrant undertakes that such reoffering prospectus will contain the information called for by the applicable registration form with respect to reofferings by persons who may be deemed underwriters, in addition to the information called for by the other items of the applicable form.

(8) That every prospectus (i) that is filed pursuant to paragraph (5) above, or (ii) that purports to meet the requirements of Section 10(a)(3) of the Securities Act and is used in connection with an offering of securities subject to Rule 415, will be filed as a part of an amendment to this registration statement and will not be used until such amendment has become effective, and that for the purpose of determining

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liabilities under the Securities Act, each such post-effective amendment shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.

(9) Insofar as indemnification for liabilities arising under the Securities Act may be permitted to directors, officers and controlling persons of the registrant pursuant to the foregoing provisions, or otherwise, the registrant has been advised that in the opinion of the Securities and Exchange Commission such indemnification is against public policy as expressed in the Securities Act and is, therefore, unenforceable. In the event that a claim for indemnification against such liabilities (other than the payment by the registrant of expenses incurred or paid by a director, officer or controlling person of the registrant in the successful defense of any action, suit or proceeding) is asserted by such director, officer, or controlling person in connection with the securities being registered, the registrant will, unless in the opinion of its counsel the matter has been settled by controlling precedent, submit to a court of appropriate jurisdiction the question of whether such indemnification by it is against public policy as expressed in the Securities Act and will be governed by the final adjudication of such issue.

(10) To respond to requests for information that is incorporated by reference into the prospectus pursuant to Items 4, 10(b), 11 or 13 of this form, within one business day of receipt of such request, and to send the incorporated documents by first class mail or other equally prompt means. This includes information contained in documents filed subsequent to the effective date of the registration statement through the date of responding to the request.

(11) To supply by means of a post-effective amendment all information concerning a transaction, and the company being acquired involved therein, that was not the subject of and included in this registration statement when it became effective.

Table of Contents**SIGNATURES**

Pursuant to the requirements of the Securities Act of 1933, the Registrant has duly caused this Registration Statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of New Britain, State of Connecticut, on January 14, 2010.

THE STANLEY WORKS,

by /s/ Bruce H. Beatt

Name: Bruce H. Beatt

Title: Vice President, General Counsel and Secretary

Pursuant to the requirements of the Securities Act of 1933, this registration statement has been signed by the following persons in the capacities and on the dates indicated.

Signature	Title	Date
* John F. Lundgren	Chairman, Chief Executive Officer and Director (Principal Executive Officer)	January 14, 2010
* Donald Allan, Jr.	Vice President and Chief Financial Officer (Principal Financial Officer and Principal Accounting Officer)	January 14, 2010
* John G. Breen	Director	January 14, 2010
* Patrick D. Campbell	Director	January 14, 2010
* Carlos M. Cardoso	Director	January 14, 2010
* Virgis W. Colbert	Director	January 14, 2010
* Robert B. Coutts	Director	January 14, 2010
* Eileen S. Kraus	Director	January 14, 2010
* Marianne Miller Parrs	Director	January 14, 2010
* Lawrence A. Zimmerman	Director	January 14, 2010

* By: Bruce H. Beatt, attorney in fact

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EXHIBIT INDEX

Exhibit No.	Document
2.1	Agreement and Plan of Merger, dated as of November 2, 2009, among The Stanley Works, The Black & Decker Corporation and Blue Jay Acquisition Corp. (included as Annex A to the joint proxy statement/prospectus forming a part of this Registration Statement and incorporated herein by reference)
3.1	Restated Certificate of Incorporation (incorporated by reference to Exhibit 3(i) to The Stanley Works Annual Report on Form 10-K for the year ended January 2, 1999)
3.2	Certificate of Amendment to the Restated Certificate of Incorporation (incorporated by reference to Exhibit 4.1 to The Stanley Works Current Report on Form 8-K dated December 21, 2009)
3.3	The Stanley Works Bylaws as amended July 20, 2007 (incorporated by reference to Exhibit 3(ii) to The Stanley Works Current Report on Form 8-K dated July 20, 2007)
3.4	Form of Certificate of Amendment to Restated Certificate of Incorporation (included as Annex E to the joint proxy statement/prospectus forming a part of this Registration Statement and incorporated herein by reference)
4.1	Rights Agreement, dated as of January 19, 2006, by and between The Stanley Works and Computershare Investor Services L.L.C. (incorporated by reference to Exhibit 4.1 to The Stanley Works Current Report on Form 8-K/A dated February 22, 2006)
4.2	Amendment No. 1 to Rights Agreement, dated as of December 21, 2009 (incorporated by reference to Exhibit 4.1 to The Stanley Works Current Report on Form 8-K dated December 21, 2009)
5.1	Opinion of Bruce H. Beatt, General Counsel of The Stanley Works, as to the validity of the shares of The Stanley Works common stock
8.1*	Form of Opinion of Cravath, Swaine & Moore LLP as to certain tax matters
8.2*	Form of Opinion of Hogan & Hartson LLP as to certain tax matters
23.1	Consent of Bruce H. Beatt, General Counsel of The Stanley Works (included in Exhibit 5.1 hereto)
23.2	Consent of Cravath, Swaine & Moore LLP (included in Exhibit 8.1 hereto)
23.3	Consent of Hogan & Hartson LLP (included in Exhibit 8.2 hereto)
23.4	Consent of Ernst & Young LLP, independent auditors for The Stanley Works
23.5	Consent of Ernst & Young LLP, independent auditors for The Black & Decker Corporation
24*	Power of Attorney of Directors and Officers of The Stanley Works
99.1	Consent of Deutsche Bank Securities Inc.
99.2	Consent of Goldman Sachs & Co.
99.3	Consent of J.P. Morgan Securities Inc.
99.4	Form of Proxy Card of The Stanley Works
99.5	Form of Proxy Card of The Black & Decker Corporation

* Previously filed.