

# STANLEY B&D NYSE-SWK

RECENT PRICE **60.19** P/E RATIO **10.2** (Trailing: 11.5; Median: 14.0) RELATIVE P/E RATIO **0.70** DIV'D YLD **2.7%** VALUE LINE

TIMELINESS <b>3</b> Lowered 2/10/12	High: 47.0	52.0	37.9	49.3	51.8	54.6	64.3	52.2	53.4	67.7	78.2	81.9								Target Price Range
SAFETY <b>2</b> Raised 7/20/12	Low: 28.1	27.3	20.8	36.4	41.5	41.6	47.0	24.2	22.6	48.8	47.1	59.5								2015 2016 2017
TECHNICAL <b>3</b> Lowered 4/20/12	<b>LEGENDS</b> — 8.0 x "Cash Flow" p sh ... Relative Price Strength Options: Yes Shaded areas indicate recessions																			
BETA 1.10 (1.00 = Market)																				

<b>2015-17 PROJECTIONS</b>																																																											
Price		Gain		Ann'l Total																																																							
High		120		(+100%)		21%																																																					
Low		80		(+35%)		10%																																																					
<b>Insider Decisions</b>																																																											
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1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	© VALUE LINE PUB. LLC		15-17
30.10	30.07	30.74	30.94	32.27	31.00	29.87	32.95	36.84	39.45	49.10	55.78	56.12	46.36	50.29	61.20	<b>67.90</b>	<b>71.10</b>	Sales per sh <sup>A</sup>	<b>76.25</b>	
1.93	2.93	2.45	2.49	3.26	3.36	3.17	3.05	4.14	4.45	5.03	6.21	5.77	5.20	5.58	7.67	<b>8.40</b>	<b>9.35</b>	"Cash Flow" per sh	<b>10.90</b>	
1.09	2.11	1.54	1.52	2.22	2.31	2.31	1.90	2.94	3.21	3.47	4.00	3.41	2.72	3.96	5.24	<b>5.90</b>	<b>6.65</b>	Earnings per sh <sup>B</sup>	<b>8.20</b>	
.73	.77	.83	.87	.90	.94	.99	1.04	1.08	1.14	1.18	1.22	1.26	1.30	1.34	1.64	<b>1.64</b>	<b>1.68</b>	Div's Decl'd per sh <sup>C</sup>	<b>1.80</b>	
.89	.83	.64	.88	.70	.66	.43	.39	.58	.82	.98	1.08	1.79	.90	.99	1.78	<b>1.00</b>	<b>.95</b>	Cap'l Spending per sh	<b>1.65</b>	
8.79	6.85	7.54	8.27	8.65	9.83	11.33	10.56	14.78	17.35	18.96	21.50	21.40	24.95	42.28	41.68	<b>44.30</b>	<b>50.60</b>	Book Value per sh <sup>D</sup>	<b>66.90</b>	
88.72	88.79	88.77	88.95	85.19	84.66	86.84	81.28	82.62	83.27	81.84	80.38	78.88	80.62	167.21	169.55	<b>167.00</b>	<b>166.00</b>	Common Shs Outst'g <sup>E</sup>	<b>160.00</b>	
26.1	19.5	26.8	18.6	11.7	16.6	17.2	15.1	14.6	14.4	14.2	14.0	12.9	14.1	14.7	12.9	<b>12.9</b>	<b>12.9</b>	Avg Ann'l P/E Ratio	<b>12.0</b>	
1.63	1.12	1.39	1.06	.76	.85	.94	.86	.77	.77	.77	.74	.78	.94	.94	.81	<b>.81</b>	<b>.81</b>	Relative P/E Ratio	<b>.80</b>	
2.6%	1.9%	2.0%	3.1%	3.5%	2.4%	2.5%	3.6%	2.5%	2.5%	2.4%	2.2%	2.9%	3.4%	2.3%	2.4%	<b>2.4%</b>	<b>2.4%</b>	Avg Ann'l Div'd Yield	<b>1.9%</b>	

<b>CAPITAL STRUCTURE as of 3/31/12</b>																			
Total Debt \$3639.4 mill. Due in 5 Yrs \$1744.6 mill.																			
LT Debt \$2905.7 mill. LT Interest \$88.0 mill.																			
(Total interest coverage: 3.8x)																			
(29% of Capital)																			
<b>Leases, Uncapitalized</b> Annual rentals \$123.0 mill.																			
<b>Pension Assets-12/11</b> \$1788.9 mill.																			
Oblig. \$2466.7 mill.																			
<b>Preferred Stock</b> None																			
<b>Common Stock</b> 170,891,595 shares																			
as of 4/19/12																			
<b>MARKET CAP: \$10.3 billion (Large Cap)</b>																			
<b>CURRENT POSITION</b>																			
	2010	2011	3/31/12																
(SMILL.)																			
Cash Assets	1745.4	906.9	883.6																
Receivables	1417.1	1553.2	1725.8																
Inventory (LIFO)	1272.0	1438.6	1589.7																
Other	381.1	424.0	404.2																
Current Assets	4815.6	4322.7	4603.3																
Accts Payable	998.6	1312.6	1417.5																
Debt Due	417.7	526.6	733.7																
Other	1325.9	1429.3	1285.9																
Current Liab.	2742.2	3268.5	3437.1																

<b>BUSINESS:</b> Stanley Black & Decker is a diversified global provider of hand tools, power tools and related accessories, mechanical access solutions, and more. The construction and DIY segment (51% of '11 sales) makes hand and pneumatic tools, etc. The Industrial division (24% of '11 sales) manufactures professional mechanics and hydraulic tools, storage systems, etc. The Security Solutions unit (25% of '11 sales) provides access and security systems. Has about 44,700 employees. Officers & directors own 2.2% of common; BlackRock, Inc. 6.7%; MA Financial Services, 5.7% (3/12 proxy). President & CEO: John F. Lundgren. Incorporated: Connecticut. Address: 1000 Stanley Drive, New Britain, CT 06053. Telephone: 860-225-5111. Internet: www.stanleyblackanddecker.com.																			
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<b>Stanley Black &amp; Decker recently celebrated the second anniversary of its formation.</b> This \$10.4 billion global industrial leader, which provides hand tools, power tools, mechanical-access solutions, and more, was created two years ago this past March 12th, and the marriage, thus far, has been a swimming success. Indeed, we look for the company to post earnings of just under \$6.00 a share this year, on a solid 8%-10% top-line advance, as SWK's fortunes reap the rewards of healthy demand for its lineup of products (despite an uninspiring economic situation), a number of recent acquisitions, and sizable merger synergies (see below) related to the creation of the company. <b>The company's margins ought to benefit from considerable merger-related synergies.</b> Stanley Black & Decker is in the final stages of achieving annualized cost synergies of about \$485 million, up substantially from the original forecast of approximately \$350 million. This comes as no great surprise, given that Stanley has proven itself quite adept at the M&A game. Indeed, prior to the Stanley Works/Black & Decker merger,																			
Stanley had spent about \$2.8 billion in acquisitions since 2002. <b>An ongoing share-repurchase program should help boost earnings over the long haul.</b> As of the end of the March quarter, there were 7.8 million shares of common stock available for buyback under the current authorization, which should certainly boost shareholder value going forward. <b>Another dividend hike seems to be in the offing.</b> SWK has racked up a rather impressive history of increasing its dividend every year, and management recently mentioned that it is reviewing a "meaningful dividend increase" during the second half of the year. <b>At the recent quotation, investors need not jump in.</b> Despite the aforementioned pullback in its price, SWK stock's 3- to 5-year capital appreciation potential is still below the median equity under <i>Value Line</i> review. What's more, based on recent price and earnings momentum, this good-quality issue is merely ranked to run in tandem with the broader market averages over the year ahead.																			
Kenneth A. Nugent July 20, 2012																			

(A) Year end on Saturday closest to Dec. 31st	'99, 15c; '01, (50c); '02, (21c); '03, (80c); '04, (8c); '05, 2c; '06, (1c); '08, 51c; '09, 34c; '10, (\$2.64). Next earnings report due late July. (C) Div'd. historically paid in late March, June, Sept., and Dec. ■ Dividend reinvestment plan available. (D) Includes intangibles. At 12/31/11: \$10037.1 mill., \$59.20 a share. (E) In millions. (F) Stanley/Black&Decker merger completed.	Company's Financial Strength	A
(B) Based on average shares thru '96; diluted thereafter. Quarterly EPS may not sum due to rounding. Excludes nonrecurring: '97, (\$2.58);		Stock's Price Stability	75
		Price Growth Persistence	70
		Earnings Predictability	75