LETTER TO SHAREHOLDERS

In 2015, we made substantial progress against our long-term strategic and financial objectives, generating increasing value for shareholders, while continuing to position Stanley Black & Decker for a future of sustained high performance. The results achieved are a testament to the entire Stanley Black & Decker team's agility and passion to perform, as well as the enduring strength of our world-class franchises.

Highlights from the year included:

- Outperforming our peer group and the overall S&P 500, with SWK's share price up 11% for the year versus 5% for our peers and a drop of 1% for the S&P 500, reflecting a consistent pattern of delivering on or exceeding financial expectations throughout the year
- Achieving our highest ever earnings per share and operating margin rate, along with record operating margin rates in Tools & Storage and Engineered Fastening
- Accelerating organic growth to 6% year-over-year

Organic growth was once again a key driver of our results, with share gains across much of our portfolio. Our Tools & Storage and Engineered Fastening franchises led the way, with several Security businesses, most notably Europe, also contributing positive organic growth.

Our continued focus on cost control and proactive approach to managing price and mix resulted in margin expansion across our portfolio, despite the negative impact of approximately $220 million of foreign currency operating margin headwinds.

From a capital allocation perspective, we increased our annual dividend for the 48th consecutive year, executed our $1 billion share repurchase program, and achieved a 13% cash flow return on investment — an important measure of our asset efficiency and margins.

Looking ahead, we are confident that our opportunities for growth and value creation remain substantial. Leveraging our unique and proven SFS operating system, we are well positioned to build on our highly scalable, industry-leading Tools & Storage and Engineered Fastening platforms, while at the same time continuing the positive trajectory in Security.

VISIT THE 2015 YEAR IN REVIEW WEBSITE

Visit yearinreview.stanleyblackanddecker.com to view stories and pictures that bring exciting aspects of the Stanley Black & Decker story to life, to explore our financials, to review our sustainable practices, and to read about our businesses, our brands and our plans for growth.

2015 SUMMARY OF RESULTS

- Total revenues were $11.2 billion, with organic growth of 6%
- Operating margin rate increased to 14.2%, a 90 basis point increase in the face of approximately $220 million of foreign currency headwinds
- Earnings per share increased 10% to a record $5.92
- Free cash flow totaled $871 million, enabling our 48th consecutive annual dividend increase
- Working capital turns were 9.2X, continuing our industry-leading performance

2015 Business Highlights

- **Generated organic growth of 6%**. Tools & Storage organic growth was 8%, with above-market growth in all regions — North America (+11%), Europe (+7%) and Emerging Markets (+3%) — as share gains were powered by innovative new product introductions, expanded retail partnerships, e-commerce initiatives, commercial investments in developed markets, and the success of our mid-price point products in emerging markets. Engineered Fastening achieved 4% organic growth, led by its automotive business and within Security, Europe posted 3% organic growth — its best performance in years — while our North America mechanical locks business grew 4% organically
- **Improved the Company's operating margin rate** by 90 basis points over 2014 to 14.2%, overcoming significant foreign currency headwinds. Our focus on surgical price actions and cost control combined with commodity deflation allowed us to realize strong operating leverage in a challenging environment
- **Posted a second consecutive year of record operating margin rates in Tools & Storage and Engineered Fastening**. The Tools & Storage operating margin rate expanded 110 basis points to 16.4% and Engineered Fastening's rate ended in the high teens, up 180 basis points
- **Continued the successful release of mid-price point products across the emerging markets**. This initiative, now in its second year, helped deliver organic growth in the emerging markets, most notably in Latin America (+ 9%), in the face of difficult conditions in many of the markets we serve. During the year we launched 50 new power tool models and significantly expanded the volume of our STANLEY branded offerings within these markets
- **Improved the Security business**. The operating process enhancements and leadership changes we made in our Security Europe business generated improved operating results: 3% organic growth for the year with five consecutive quarters of flat or positive organic growth, year-over-year operating margin rate improvement each quarter with the rate approaching 10% in the fourth quarter, strong orders, a healthy backlog, and attrition well within our targeted range of 10%–12%. Within North America, our efforts to improve field efficiency and upgrade operational talent are taking hold, and we ended the year with an improving margin trend in our commercial electronic security business along with strong orders and a growing backlog. We also reinvigorated our mechanical lock business, which grew mid-single digit organically and improved its operating margin rate by over 300 basis points

The Evolution Of Stanley Black & Decker

Stanley Black & Decker has undergone a notable transformation over the last 15 years — evolving from a small cap building products company to a large cap diversified industrial. This transformation encompassed three distinct phases:

- A period of restructuring in the late 1990s through the early 2000s when we were primarily a tools and doors company, generated low growth and a low-teens operating margin rate, and when we began our move towards acquisitions to position the Company for growth
- The Security platform build between 2005 and 2010, a period when we initiated our now successful and pervasive operating system, SFS, and built the Security platform with over 50 acquisitions, creating a more balanced portfolio with a higher operating margin rate
- The post-Black & Decker merger era of 2010 through the present day, when we became the global leader in tools & storage, the number two player in both commercial electronic security and engineered fastening solutions and achieved annual average organic growth closer to 5% with a mid-teens operating margin rate

Over this 15-year period, we have grown our revenues from $2 billion+ to over $11 billion, market capitalization from $2.7 billion to $16.4 billion, and employees from 15,500 to more than 50,000 while generating total shareholder returns exceeding 400%, far surpassing the S&P 500 (+108%) and many elite industrial companies. Measured against our peers, we've produced top quartile sales growth over the last five years, with EBITDA growth well above average during that time, while over the last 10 years our free cash flow conversion ranks near the top. The Stanley Black & Decker of today is a fundamentally different and stronger organization than the Company of the past.

We believe the success of our transformation is a result of our ability to incorporate many of the best attributes of high performing industrial companies, including:

- A world-class operating system and high performance culture
- Strong organic and acquisitive growth
- A focus on consistently improving margins
- Strong free cash flow conversion
- A balanced approach to capital allocation
- Active portfolio management
- A track record of delivering on expectations

While we stack up well in many of these areas, we have set the bar high and believe opportunities remain to continue to improve in several respects, including increasing operating margins, expanding the reach of our SFS operating system beyond its traditional roots to generate growth and margin expansion, and continuing to enhance the portfolio. We are actively addressing each of these opportunities through further reducing our SG&A via Functional Transformation, generating meaningful operating leverage and improving Security's margins, refreshing our core operating system with the launch of SFS 2.0, and actively managing our portfolio through strategic M&A.

15 YEARS OF PURPOSEFUL TRANSFORMATION — 2000 TO 2015

Revenues
$2B+ to $11B

Market Cap
$2.7B to $16.4B

Employees
15.5K to 50K+

Total Shareholder Return
>400%

EXECUTING ON OUR STRATEGIC FRAMEWORK

Continue Organic Growth Momentum

- Utilize SFS 2.0 as a Catalyst
- Mix into Higher Growth, Higher Margin Businesses
- Increase Relative Weighting of Emerging Markets — Goal of >20%

Be Selective and Operate in Markets Where:

- Brand Is Meaningful
- Value Proposition Is Definable and Sustainable Through Innovation
- Global Cost Leadership Is Achievable

Pursue Focused Acquisitive Growth

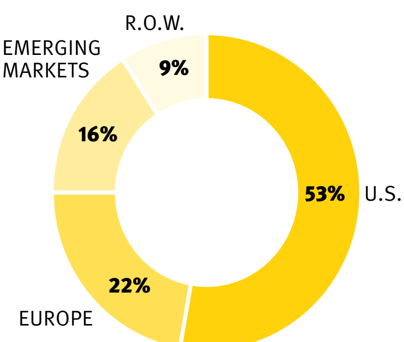
- Consolidate Tool Industry and Strengthen the Core
- Expand Industrial Platform — (Engineered Fastening / Infrastructure)

ORGANIC REVENUE GROWTH IN 2015

+6%

2015 GLOBAL PRESENCE

(% OF 2015 REVENUES)



A Powerful Portfolio

Each of our franchises share common attributes: they have world-class brands and attractive growth characteristics, they are scalable and defensible, and they differentiate through innovation.

- Our Tools & Storage business is the tool company to own with its iconic brands, robust innovation machine, global scale, and broad offering of power and hand tools and related products across many channels in both developed and developing markets
- Our Engineered Fastening business is a highly profitable, GDP+ growth business offering high value-added innovative solutions with recurring revenue attributes and global scale
- Our commercial electronic security franchise, with its value-added vertical market offerings and attractive recurring revenue, presents a significant margin accretion opportunity over the longer term. The Security business, which has historically provided a stable revenue stream through economic cycles, is a gateway into the digital world and an avenue to capitalize on rapid digital changes

As we communicated at our May 2015 Investor Day, we intend to provide further information on the state of our Security franchise and its fit within our portfolio in the second half of this year. We are encouraged by Security's recent favorable performance trends of improving operating margins, increasing order rates and stabilizing attrition at targeted levels. Operational enhancements are beginning to take hold across the segment and talent upgrades in many portions of the business are starting to pay dividends in terms of results and building a high performance culture.

M&A Opportunities

Over the last 15 years, we have invested significant capital into highly strategic M&A. Over the next few years, we expect to deploy approximately 50% of our excess capital to acquisitions, with a focus on further strengthening our leading Tools & Storage franchise and pursuing industrial transactions in Engineered Fastening and other areas. While further consolidation of the electronic security sector remains a potential long-term strategy for that business, our appetite for that will be based on our determination of the future fit of Security within our portfolio.

SFS 2.0

In 2015, we launched SFS 2.0, the next generation of the Stanley Fulfillment System, creating a more powerful operating system to enable sustained above-market organic growth and margin expansion with high asset efficiency. The expanded SFS 2.0 will transform our Company by focusing our enterprise on the following five key pillars:

- **Core SFS**, which targets asset efficiency, remains fundamental to our operating system and despite the significant advances we have made in improving our working capital turns and free cash flow generation, opportunities still remain for further working capital improvements and supply chain efficiency to enhance our already strong performance. Core SFS now also incorporates digitization of the supply chain and 'smart factory' into its tool kit

- **Functional Transformation** takes a clean-sheet approach to redesigning our key support functions such as Finance, HR, IT and others, which although highly effective, after almost a hundred acquisitions are not as efficient as they could be, based on external benchmarks. This presents an opportunity to reduce SG&A as a percent of sales and becomes our funding mechanism for the growth-related elements of SFS 2.0, which in turn enables outsized organic growth and margin expansion
- **Digital Excellence** is a comprehensive initiative designed to leverage the power of digital technology and advanced analytics to challenge existing paradigms and improve our products, processes, business models and how our people operate. We are infusing new talent and capabilities into our organization and promoting the concepts of digital speed and leadership agility to keep our culture and enterprise fresh and relevant in this era of constantly accelerating change. Digital, including social, mobile, Internet of Things and big data, touches all aspects of our business and feeds into and supports the other elements of SFS 2.0 and ultimately contributes to growth, margin expansion and asset efficiency

OUR LONG-TERM FINANCIAL GOALS

Revenue Growth

~10%–12% Total
4%–6% Organic

Financial Performance

10%–12% EPS Growth*
FCF ≥ Net Income
CFROI in 14%–15% Range

Dividend

Continued Growth

Credit Rating

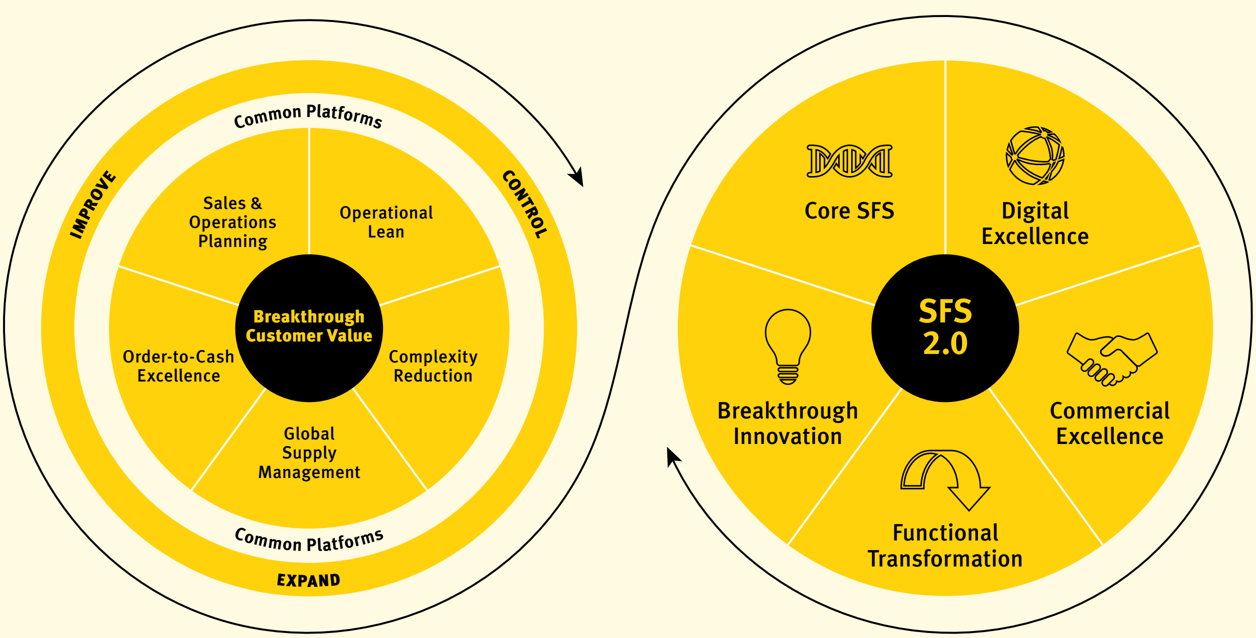
Strong Investment Grade

* Including acquisitions

SFS 2.0 — BEST-IN-CLASS OPERATING SYSTEM GETTING BETTER

SFS 2.0 was launched in 2015 and we are already seeing its impact in our 2015 results — driving organic growth, margin improvement and new levels of innovation and digitization across our enterprise. The momentum continues to build.

Visit yearinreview.stanleyblackanddecker.com/how-we-operate to learn more.



JOHN F. LUNDGREN
Chairman &
Chief Executive Officer

JAMES M. LOREE
President &
Chief Operating Officer

- **Commercial Excellence** is about how we become more effective and efficient in our customer-facing processes resulting in continued share gains and margin expansion throughout our businesses. We view Commercial Excellence as world-class execution across seven areas: customer insights, core innovation and product management, pricing and promotion, brand and marketing, sales force deployment and effectiveness, channel programs, and the customer experience. We have applied these principles in several businesses and identified a significant correlation to both tactical market share and margin rate increases
- **Breakthrough Innovation** is aimed at developing a breakthrough innovation culture to identify and bring to market disruptive products and business models. Although we have a track record of excellent core innovation, opportunities exist to be even more radically innovative. Our focus is on coming up with the next major breakthrough in the industries we operate in, which when combined with our existing strong core innovation machine will also drive outsized share gains and margin expansion

These five pillars will serve as a powerful value driver in the years ahead, feeding our new product innovation machine, embracing outstanding commercial and supply chain excellence, embedding digital in every part of the Company, and funding it all with world-class functional efficiency. Taken together, they will directly support achievement of our long-term financial objectives and further enable our shareholder-friendly capital allocation approach, which has served us well in the past and will continue to do so in the future.

Summary

During 2015, we delivered strong financial results and shareholder returns despite operating in an environment that presented significant obstacles, high market volatility and an ever-increasing pace of change. Our vision for the next chapter of Stanley Black & Decker is to continue our quest to be a great industrial company, delivering top quartile growth and profitability and rewarding shareholders with sustained outperformance. As a global company with world-class franchises, strong market positions, and a culture of excellence, we are well positioned to continue to deliver on our ambitious goals. And despite powerful external forces at work today in this era of unprecedented dynamism, with our clear and compelling vision, we believe our 173-year-old Company is as resilient and vital as ever, well prepared to face and capitalize on these forces of change.

JOHN F. LUNDGREN
Chairman &
Chief Executive Officer

JAMES M. LOREE
President &
Chief Operating Officer