

STANLEY WORKS  
Form 425  
February 21, 2002

Filer: The Stanley Works  
Pursuant to Rule 425 under the Securities Act of 1933  
and deemed filed pursuant to Rule 14a-12(b) under  
Securities Exchange Act of 1934  
Subject Company: The Stanley Works  
Commission File No.: 1-5224  
Registration Statement No.: 333-82382

Bermuda Reincorporation Transaction  
February, 2002

Institutional Investor /  
Sell-side Analyst  
Individual Shareowner  
Overview

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Proposed Reincorporation Transaction

- >> Change In Legal Domicile  
... From Connecticut to Bermuda.
- >> Conversion of All Shares...From SWK to SWK Ltd.
- >> No accounting / operating impacts.
- >> Ownership and voting rights substantially unchanged.
- >> Corporate headquarters location, business operations,  
customer / supplier relationships, etc. all remain unchanged.

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WHY DO THIS ?

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Compelling Long-Term Benefits

- >> Alignment of corporate structure with  
increasingly international operations.
- >> Facilitate expansion of international business.
- >> Sustained generation of higher levels of Free  
Cash Flow ... flexibility to fund enhancers

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of shareowner value

- >> Potential for higher debt capacity & better ratings, based on FCF increase
- >> Improvement of worldwide effective tax rate.

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| PROVIDES MUCH OF THE FLEXIBILITY |  
NEEDED TO GROW INTERNATIONALLY

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| Increasingly International Operations |  

- >> 28% of revenues outside U.S.
- >> 30% of fixed assets outside U.S.
- >> 40% of manufacturing facilities outside U.S.
- >> 48% of workforce outside U.S.
- >> 2 of 3 recent acquisitions outside U.S.

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| ENABLES EFFECTIVE IMPLEMENTATION |  
OF WORLDWIDE BUSINESS STRATEGY

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| Flexibility To Fund Items Enhancing |  
Shareowner Value

- >> Acquisitions, especially international / industrial.
- >> Debt repayment.
- >> Share repurchase program.
- >> Dividend increases.
- >> Expansion into new product markets.
- >> New product development.

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| ABILITY TO FUND EACH IS ENHANCED |  

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Timing And Process		
>>	KEY CUSTOMER CONSENTS	X
	GRAINGER	X
	HOME DEPOT	X
	LOWES	X
	WAL*MART	X
>>	S&P 500 INDEX - PRELIM. INDICATION	X
>>	I.S.S. POSITIVE RECOMMENDATION - PRELIM. INDICATION	X
>>	2/3 VOTE OF ALL O/S SHARES -----> PROXY ITEM; ANNUAL MTG. VOTE	<u>Expected April'02</u>
>>	TRANSACTION IMPLEMENTATION	
>>	BENEFIT REALIZATION, i.e. 23% - 25% TAX RATE ----->	<u>Expected Q2'02</u>

Summary

- >> Shareowner Rights Substantially Unchanged;  
    Recreated Stanley Connecticut in Bermuda
- >> Anti-Takeover Devices - Poison Pill, Etc. -- Replicated
- >> Potential Expansion Of Market Cap: \$440MM+ (11.5%)
- >> The Reward: One Additional Year's Free Cash Flow  
    Every Five Years

A CLEAR PLUS TO SHAREOWNER VALUE...BUT YOUR VOTE IS NEEDED!

Substantial Short-Term Benefits...

	2002	2003
Current 1st Call consensus	\$2.70	\$3.00
Shares outstanding	87.8MM	87.8MM

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After-tax earnings	\$237MM	\$264MM
Current tax rate	32%	32%
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Pre-tax earnings	\$349MM	\$387MM
New tax rate @ 2Q02	28%	24%
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New after-tax earnings	\$252MM	\$294MM
Shares outstanding	87.8MM	87.8MM
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	\$2.87	\$3.35
INCREMENTAL / BENEFITS		
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Free Cash Flow	\$ 15MM	\$ 30MM
E.P.S.	\$.17	\$.35
E.P.S. X Current '03 Multiple		+ \$5.00

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Summary of Benefits

- >> Expected effective tax rate reduction: 32% to 24%.
- >> Resulting cash tax savings: \$30MM / yr.  
(\$0.35 EPS / yr.) = NPV \$100MM +.
- >> Added flexibility to apply free cash flow to dividends,  
acquisitions, share repurchases & debt repayment.
- >> Significantly improves after-tax returns on prospective acquisitions.
- >> Potential market cap expansion of \$440MM+ (11.5%).

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| THE REWARD: ONE ADDITIONAL YEAR'S |  
FREE CASH FLOW EVERY FIVE YEARS

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Benefits Substantially Outweigh Costs

SWK COSTS	SHAREOWNER COSTS
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>> Legal	>> No incremental tax
>> Proxy solicitation	
>> Public relations	>> Acceleration of inherent capital gains tax
>> SEC filings	
>> Tax consulting	
>> Administration	>> Approx. 60% of SWK shares in non-taxable holdings
>> Investment banker	
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\$3 - 5MM	
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Shareowner Rights Maintained As In CT

SWK Bermuda provisions replicate current SWK provisions:

- |X| Directors staggered in 3-year terms.
- |X| Directors removed only for cause; shareowner vote.
- |X| Director vacancies filled only by remaining directors; not by shareowners.
- |X| Current 10% poison pill will be "substantially replicated" in Bermuda / Stanley Ltd. |X| Dividend rights substantially similar.
- |X| Repurchases of shares in the open market permitted.
- |X| Shareowner proposals permitted with proper notice.
- |X| Special meeting requests permitted (threshold 10% in Bermuda)

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| ANTI-TAKEOVER MECHANISMS - POISON |  
PILL, ETC. - REPLICATED

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Summary

- >> Only real change is in legal domicile / no ops impacts.
- >> Enhanced ability to compete / acquire...levels the playing field vs. foreign competitors.
- >> Compelling benefits:
  - |X| \$30MM annual free-cash flow / \$.35 EPS added EPS (32% -> 24% tax rate).
- >> Negligible downside: minimal transaction costs; no changes to shareowner rights / anti-takeover

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| A CLEAR PLUS TO SHAREOWNER VALUE |  
...BUT YOUR VOTE IS NEEDED!

This foregoing does not constitute an offer of any securities for sale, or an offer or invitation to purchase any securities. A registration statement on form S-4 will be filed with the Securities and Exchange Commission ("SEC") today, containing a form of proxy statement / prospectus with respect to the re-incorporation, providing details of the transaction. This registration statement will be available at the SEC's web site, [www.sec.gov](http://www.sec.gov). When finalized, these documents will be available at the SEC's web site and Stanley's web site, [www.stanleyworks.com](http://www.stanleyworks.com). Investors should read these documents before making a decision concerning the transaction.

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The Stanley Works, its officers and directors may be deemed to be participants in the solicitation of proxies from shareowners in favor of the re-incorporation. Information about the directors and executive officers and ownership of stock is set forth in the aforementioned form S-4.