

BLACK & DECKER CORP
Form 425
January 29, 2010

Filed by The Stanley Works
Pursuant to Rule 425 under the Securities Act of 1933
and deemed filed pursuant to Rule 14a-12
under the Securities Exchange Act of 1934

Subject Company: The Black & Decker Corporation
Commission File No.: 1-01553

2010 Management Meeting &
Integration Summit Update

Topics Covered

- Strategy & Vision
 - Culture
 - Brand
 - Integration
 - SFS
 - Q & A
-

STRATEGY
VISION
&

The Combined Company Vision
Comprehensive Global Product
Offerings
Complementary Iconic Brands
Enhanced Core Strengths Of Each
Company
Larger, Stronger Global Company
Shared Commitment To
Operational Excellence
Substantial Synergy Opportunities
A Powerful, Diversified Engine for Growth

Our Mission In 2010 Is Clear:

1. Integrate Companies Successfully - Exceed Expectations
 - 8 Drive SFS - Hard & Fast
 - 8 Avoid Distractions
 2. Protect The Core Franchise
 - 8 Be Prepared For Any Environment
 3. Be Vigilant On Cost Control And Productivity
 - 8 Achieve Operating Leverage If Growth Resumes
 - 8 Protect Cash Flow And EPS If Growth Stagnates
 4. Be Prepared To Ramp Up In A Higher Growth Scenario
 - 8 Assess And Test Your Supply Chain Now
 5. Operate With Agility, Courage & Common Sense
- The Immediate Mission
- Job One: Integrate Successfully While Focusing on Our Core
-

Ø Continue To Pursue Time
Tested Operational
Formula
Ø Brand Support
Ø Innovative New
Product
Development
Ø 2-3+% Annual
Productivity
Ø Utilize SFS For
Differentiated Service
Levels, Thus
Outdistancing
Competition
Ø Pursue Small Bolt On
Acquisitions To Extend
Reach/Grow Share
Ø Mechanical Security
(Globally)
Ø Electronic Security
(Globally)
Ø Healthcare
Ø Infrastructure
Ø Engineered Fastening
And
Continuously Strengthen
Core Business Portfolio
Growth Platforms
1.
2.
Shed Strategically
Impaired Assets
2a.
Our Strategy for Growth
Leverage \$1B+ Annual Cash Flow To Evolve Portfolio
Quickly Into Higher Growth Areas
Ø China
Ø SE Asia
Ø Brazil / Latin
America
Ø Eastern Europe
Ø Middle East
3.
Drive Hard Into
Emerging Markets

Consistent Strategic Focus Emphasizing Profitable Growth, Asset Efficiency

Maintain Portfolio Transition Momentum

- Brand Is Meaningful (Stanley Or Sub-brand)
 - Value Proposition Is Definable And Sustainable Through Innovation
 - Global Cost Leadership Is Achievable
 - Be Selective and Operate In Markets Where:
 - Building On Existing Growth Platforms
 - Developing New Growth Platforms Over Time
 - Pursue Growth On Multiple Fronts Through:
 - Accelerate Progress Via Stanley Fulfillment System (SFS)
 - Strategic Framework
 - Be A Consolidator Of The Tool Industry
 - Increase Relative Weighting Of Emerging Markets
-

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Financial Objectives (In Place Since 2004)

Sales Growth

Financial Performance

Dividend

Credit Rating

Ø 3-5% Organic

Ø 10-12% Total

Ø Mid-teens % EPS Growth

Ø FCF > Net Income

Ø ROCE in the range of 12-15%

Ø Continued dividend growth

Ø Upper tier investment grade

Long Term Objectives

Performance Consistent With Objectives

6 Keys to Success

Support Our Brands:

- Continue to strengthen awareness with key constituents

Institutionalize SFS:

- Further embed company-wide business system across the global enterprise

Empower Our Teams:

- Recognize and reward successful contributions to our growth

Strengthen the Core:

- Focus on exceeding operational objectives in every area of the business

Transition the Portfolio:

- Continue driving portfolio diversification

Integrate Successfully:

- Maintain best-of-the-best and achieve “one company” mentality quickly

OUR
CULTURE

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Elements evaluated through the culture survey

Angles measured

High aspirations

(desire to win)

External focus

Think like owners

Bias toward action

Teamwork &

empowerment

Passion & commitment

High performance

values

Perception of own culture and each other

Cultural ideals for combined company

Leadership behaviors &

communication styles

Decision roles & styles

Openness to change

People systems,

measures & incentives

Working environment

Company personality

Foundational values

& personality

Survey Population

• Stanley MICP

employees

85%

response

rate

Executive Survey Conducted 12/09

Source: Stanley Black & Decker Culture Survey, December 2009 (N=617)

Stanley culture provides a strong foundation, which Black & Decker can enhance and strengthen

- Stanley and Black & Decker share many more cultural similarities than differences
 - Very similar starting points, relative to other integrations that Bain has seen
 - Employees at both companies perceive themselves to have high-performance cultures (relative to Bain's benchmarks)
 - Both companies have a large base of satisfied employees

Strong, Shared Cultural Foundation

- The cultural "ideals" identified as part of the survey are very consistent across SWK and BDK
 - The similarities across the two cultures are prized; these should be preserved and leveraged
 - There are opportunities to even further enhance the Stanley Black & Decker culture going forward
-

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Strongest characteristics of current cultures

- Pride in our heritage
- Hard working, with “can-do” attitude
- Clear set of values lived each day
- Value new and better methods and ideas
 - Personal accountability

Shared

Source: Stanley Black & Decker Culture Survey, December 2009 (N=617)

Stanley

- Results, not efforts
- Bias toward action
- Clearly articulated vision for future
 - Ambitious goals
 - High capacity for change
- Strong operations & finance base
- Black & Decker
- Collaborative, team spirit; mutual trust
 - Do the right thing, not the easy thing
- Give 100%, all of the time
 - Decentralized decision making
 - Customer focused

Cultures Shared and Complementary

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- Heritage of the brands
- Clearly articulated vision for the future
 - Work ethic and ‘can do’ attitude
 - An empowered, entrepreneurial spirit
- Collaborative, not competitive working environment
 - Preserve
 - Enhance
- Stronger focus on personal accountability, with consequences for missing goals
- More receptivity to good ideas, no matter who suggests them
- Additional clarity on values
 - Improved focus on the customer
 - Increased emphasis on celebrating success

Source: Stanley Black & Decker Culture Survey, December 2009 (N=617)

Stanley Black & Decker cultural ideals

Shared Cultural Ideals

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Note: NAs excluded; 1=Strongly disagree, 2=Disagree, 3=Agree, 4=Strongly agree

“I’m excited to be part of this monumental change for Stanley and Black & Decker and to be part of this great challenge to strengthen an already solid company.

MICP 5 or 6, Stanley

“Overall, I believe that the merger makes good business sense. My biggest concern...is that Black & Decker will be viewed as a single entity. Each part of B&D truly operates independently. I hope that as part of the integration process, these differences and the unique benefits of each B&D division are carefully considered and maximized.

Director, Black & Decker

Is the merger in the best interest of your company?

What are your thoughts on the merger between Stanley and Black & Decker?

Percent of respondents who agree or strongly agree

Source: Stanley Black & Decker Culture Survey, December 2009 (N=617)

Strongly

agree

Agree

Strongly

agree

Agree

The Right Move

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- It is common for partners to perceive their cultures as different
 - Stanley and Black & Decker share far more similarities than differences
 - Integration effectiveness will depend in part on how well the perceived and actual cultural differences are managed
 - Be aware and open regarding cultural differences within your team
 - Maintain an honest, frequent dialogue within your team and encourage sub-team members to do the same
 - Communication of the cultural vision will help minimize disruption
- The Road Ahead
-

OUR
BRANDS

- Awareness Among Professionals:
99%
- Awareness Among DIYers: 93%
 - Unaided awareness: +21%
increase since 2002.
 - 99% overall brand awareness
- 80% of households own Black &
Decker
- 85% of Black & Decker owners are
satisfied with their products
Powerful Brands
AND
MORE

We Have the Strongest Brands and
Operate in Markets Where Brands Are Meaningful

Brand “Givens”

For Clarity, the Following are Brand Rules of Engagement:

- The Corporate Brand will be “Stanley Black & Decker”
 - The Only Operating Units that will Adopt Stanley Black & Decker will be Construction & DIY (CDIY) and Industrial and Automotive Repair
 - Hardware and Home Improvement will Merge with Stanley Hardware
 - Combined Unit will Become Part of Stanley Mechanical Access Solutions
 - All Divisional Product Brands WILL REMAIN INTACT and Under Control of Their Business and Regional Leaders
 - This includes Stanley, DeWalt, Black & Decker, Facom, and all existing sub-brands of both companies
 - These are valuable assets and there is no reason to change them
 - Coordination, Guidance and Issue Resolution will be Administered by the Corporate Brand Council, Under the Leadership of Scott Bannell
-

Respected Companies

Household Products

1. Fortune Brands
2. Tupperware Brands
3. Black & Decker
4. Energizer Holdings
5. Stanley Works

Together

We Should Be

#1

Where We Are - Corporate Branding

Design and produce
key communications
and launch materials
to be used on Day 1.

Develop new,
integrated corporate
brand positioning and
messaging strategy

Develop visual identity
for the newly merged
parent company,
“Stanley Black &
Decker”

Quantitatively validate the
optimum corporate name
and brand strategy
(divisional branding,
endorsement branding,
over-branding, co-
branding, etc.) for the long
term.

- Retained the services of
Lippincott - a leading
global branding agency.
 - Process is objective and
fact based
 - Integrated identity and
brand positioning
(some Lippincott merger clients)
-

THE
INTEGRATION

Ensure that we focus the integration
process on key decisions to
minimize distractions to our base
business
Process
Integration Principles

- Overly complex, lengthy process distracts management
 - Decisions not made fast enough, critical milestones missed
 - Integration lacks strong leadership
 - Customers defect in face of uncertainty
 - Base business suffers
 - Integration process fails
 - Sources of value and risks not clearly defined
 - Failure to prioritize most critical sources of value
 - Synergy targets not updated
 - Integration efforts not launched prior to close
 - Poor hand-off to the line
 - Synergy targets missed
 - Failure to capture incremental value
 - Lose key people
 - Lured away by competitors and headhunters
 - Driven away by too much or too little intervention
 - Wait too long to get Newco leadership in place, or
 - “aggressive intervention” approach without plan for keepers
 - No plan to address cultural issues
 - Talent departs
- Potential Pitfalls
-

Detailed Functional &
BU Structures
Layers 3+:
Taskforce Driven Design
(3 to 6 month process)
2
Tiers 3 and below
structure
Decision-making
processes and roles
Location/use of shared
service centers
People selection process
(in conjunction with HR)
Superstructure
Design
“Mega Decisions”
Top 3 layers:
CEO Driven Design
(Completed 60-120 days
post-announcement)
1
Tiers 1 & 2 structure
Governance committees
and charters
HQ location(s)
CEO direct reports
Role for the Center/
Shared Services
Best Practice: Org Design
High Level Org Structure for Stanley Black & Decker Defined

- Inevitably, transaction partners will perceive their cultures as different. Usually the reality is much less than the perception
 - Allowing the culture for the combined company to naturally emerge does not usually lead to a high-performance company
 - Awareness of cultural differences and communication of “how things work” is half the battle
 - Strong executive leadership in communicating cultural ideals is critical to ongoing success
- Strong foundational culture of Stanley enhanced by unique aspects of Black & Decker
- Best Practice: Culture
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Integration Best Practices-DRAFT4

Value:

Process:

People:

Objective:

- Capture “quick-win” synergies
- Enable fundamental interactions and Assure regulation compliance
- Clarify critical reporting lines
- Assure the two businesses continue to operate smoothly

Develop stabilization plans
(initial priority)

- Rationalize full cost bases
- Integrate critical systems and fully capture scale benefits
- Restructure key functions
- Fully combine the two organizations

Develop integration plans

Strong track record of success with more than 50 transactions and experience with large-scale Facom deal

Our Integration Approach

Steering
Committee

ITL Mtgs

IMO

1

Dec

7-8

2

Jan 19-21

(Miami)

6

Apr

21-22

12/21

4/8

4/14

4/29

12/17

1/13

1/27

2/8

2/17

4/13

4/28

Scheduled

Proposed

Primary workout

focus:

Agenda:

Feb 2-3

(New Britain)

Note: Items in red and italics address initiatives to support a March close

3

Dec 7-8

1

2

4

3

December

January

February

1/6

2/18

(Call)

2/9

(Call)

1/21

(Miami)

1/14

(Call)

Integration Calendar

Structured Meeting Rigor

1. Ensures All Issues Discussed
At Least Weekly

2. Alignment From Work Team
Level To Executive Office

Initial

Integration

Plan to be
approved

March 11

Working session

- Initiate joint SWK-BDK
integration planning
 - Relationship building
-

Trust the process and nail the
stabilization plan before closing
In Practice
Process

SFS
ONE BUSINESS SYSTEM

SFS Will Prepare The Company To Double In Size
Again In The Next 5 Years

Complexity

Management:

Eradicate complexity
in everything we do

S&OP:

Tie the front-end
and the back-end to
the same number;

be agile

Transformational

Lean:

Utilize Lean to
change the game

Common

Platforms:

Migrate to a few
good systems

SFS: The Stanley Fulfillment System

- Integration is a catalyst to drive complexity management

- Connecting our sales organizations with Global Operations will allow us to serve our customers better than others

- Common platforms drive efficiency and speed up decision making

- The combined organization will have compelling scale to drive transformational lean

SFS Facilitates and Accelerates Integration

SFS: Imperative to Integration

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The SFS Tools Are Familiar To The Black & Decker Team
Potential To Generate Significant Cash Flow
From Higher Working Capital Turns
\$300M+

- Black and Decker has been utilizing many of the principles of SFS
- Opportunity exists to globalize the process across all Black & Decker units
- Combined scale creates opportunity for even larger results

SFS: Will Drive Real Results

Integration Will Focus On People,
Process and Value...
SFS Principles Will Be Core To The
Integration To Support A Larger,
More Diversified Company In The
Future
SFS: The Stanley Fulfillment System

Q&A

Thank You.

Additional Information

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

Certain Information Regarding Participants

Stanley, Black & Decker and certain of their respective directors and executive officers may be deemed to be participants in the proposed transaction under the rules of the SEC. Investors and security holders may obtain information regarding the names, affiliations and interests of Stanley's directors and executive officers in Stanley's Annual Report on Form 10-K for the year ended January 3, 2009, which was filed with the SEC on February 26, 2009, its proxy statement for its 2009 Annual Meeting, which was filed with the SEC on March 20, 2009, and the preliminary joint proxy statement/prospectus related to the proposed transaction, which was filed with the SEC on January 15, 2010. Investors and security holders may obtain information regarding the names, affiliations and interests of Black & Decker's directors and executive officers in Black & Decker's Annual Report on Form 10-K for the year ended December 31, 2008, which was filed with the SEC on February 17, 2009, its proxy statement for its 2009 Annual Meeting, which was filed with the SEC on March 16, 2009, and the preliminary joint proxy statement/prospectus related to the proposed transaction, which was filed with the SEC on January 15, 2010. These documents can be obtained free of charge from the sources listed above. Additional information regarding the interests of these individuals may also be included in the definitive joint proxy statement/prospectus regarding the proposed transaction when it becomes available.

Non-Solicitation

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