



THE MARKET

Whose life has not been touched in some way by a product bearing the Stanley® name? From the hammer housed in your toolbox, to the hinges used on your microwave, to the level and plane employed to make your kitchen table, to the tools that assembled your car, to the automatic doors that you walk through at the grocery store, to the mirror doors you see as you enter many hotels...Stanley touches more people on a daily basis than can ever be imagined.

The name Stanley is synonymous with quality and reliability. Stanley is a worldwide producer of over 50,000 tool, hardware, and door products for professional, industrial, and consumer use. The company is known globally and receives nearly 20 percent of its revenue from Europe, where the Stanley brand is stronger than anywhere else in the world.

ACHIEVEMENTS

As one of the oldest tool manufacturers in America, Stanley believes in the power of a strong brand.

Since the brand was introduced 160 years ago, Stanley's ingenuity and excellence have led to numerous firsts, from patents for new products, to design improvements on existing products, to what may have been the industry's first patent issued for ergonomically designed tools. Stanley's solid heritage has not only gained the loyalty and trust of consumers,



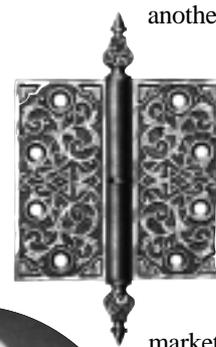
but it has also won the praise of many industry leaders for advertising creativity and the innovation and design of its products.

While the manufacturing shop epitomized the storied Yankee virtues of enterprise and craftsmanship, Stanley himself also possessed a special innovative spirit and an uncommon passion for doing things right. Although he employed a few skilled craftsmen, Stanley often made the products himself, fashioning door bolts with his own hands and then riding into the country on his horse-drawn buggy to sell them to farmers. He carried a screwdriver and personally installed the bolts on barn doors and farmhouses, thereby establishing customer service as a company hallmark.

In less than 10 years after starting his small bolt business, Stanley had built a strong reputation for quality and received sufficient product demand to warrant the opening of a second shop to make hinges and other hardware. He joined with his brother and five other investors to incorporate The Stanley Works with a workforce of 19 men.

The Stanley Works flourished under the leadership of several great presidents, and a diverse group of products were produced under the Stanley name. With the acquisition of the Stanley Rule & Level Company,

another New Britain-based business which had been cofounded by a distant cousin of Frederick T. Stanley, The Stanley Works boasted a broad line of rules, levels, and planes, as well as hammers, carpenter squares, and other hand tools.



Emerging new American markets allowed for new territory for Stanley's products. Capitalizing on the advent of the automobile age, Stanley introduced hardware sets for home garage doors in 1914. To counter the Great Depression, which practically paralyzed the building industry, the company created new markets with products such as portable electric tools and the "Magic Door®" product, which, to the astonishment and convenience of those who passed through it, opened automatically in response to a signal from its photoelectric cell.

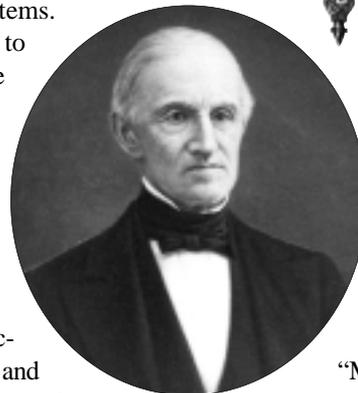
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From engineering research to design excellence to new product innovation, Stanley has received awards and recognition across all of its product categories for its distinctive and quality items. Add to this one of the greatest awards of all: the fact that antique Stanley® tools have become valuable collectors' items. That recognition is a testament to both the superior quality of the products and the long, impressive history of the company.

HISTORY

In 1843, an enterprising businessman named Frederick Trent Stanley established a little shop in New Britain, Connecticut, to manufacture door bolts and other hardware made from wrought iron. Stanley's Bolt Manufactory was only one of dozens of small foundries and other backyard industries in a town struggling to succeed by producing metal products.



developer, manufacturer, and marketer of tools, hardware, and specialty hardware products for home improvement, consumer, industrial, and professional use. The company still bears not only Frederick Stanley's name but also the spirit and passion that drove him to succeed in a business where others had not.

THE PRODUCT

The Stanley Works provides a comprehensive line of world-class, professional-grade, industry-specific products. These products fall into eight product groups, which are in turn classified under two business segments: Tools and Doors.

The Tools segment includes carpenters, mechanics, pneumatic, and hydraulic tools as well as tool sets. The Doors segment comprises com-



mercial and residential doors, both automatic and manual, as well as closet doors and systems, home décor, and door and consumer hardware.

RECENT DEVELOPMENTS

A "great brand" is a brand that shows performance improvement year after year and is built through consistent excellence in products, people, customer service, and financial returns.

Stanley's brand vision and strategy comes down to three words: Growth, Positioning and Competitiveness.

Growth. Stanley's commitment to continuous innovation has created a steady stream of new products and business opportunities worldwide. Innovative new products have been developed to make the professional's job easier and more productive, and a push into new or previously untapped market segments has created additional needs and demand for Stanley products, both old and new.

Positioning. Stanley has realized that the key to winning a strong retail position is to merchandise stores effectively with innovative products. Targeting the professional user,



Stanley complemented this strategy by repositioning the brand with one look and feel, which was achieved through consistency of both colors and packaging.

Competitiveness. Stanley believes that the key enablers of growth are competitiveness and exceptional customer service, both of which depend upon simplicity, standardization, and systemization.

In 1997 and 1998, the company began the introduction of electronic technology to Stanley® tools: the IntelliTools® product line comprises 18 models of electronic sensors, laser levels, and electronic measuring tools, offering a technically advanced array of electronic builder's tools.

The introduction of the FatMax® product line included the FatMax® tape rule — which features a stand-out of 11 feet, the longest in the industry — and has gathered praise and press coverage for its original design.

Continuously diversifying, Stanley also created AccuScape® Garden Tools, a line of more than 60 products designed for both the landscape professional and the avid home gardener, from shear and hand pruners to hedge clippers and loppers.

Among Stanley's most recent innovations is a cordless roofing nailer, part of a new line of Bostitch® finish and framing nailers. More than 400 new products have been introduced over the past four years, and Stanley's industry-leading licensees continue to bring new and innovative products to market on a regular basis.

Appropriately representing this exciting period of new product innovation, Stanley unveiled a bold brand campaign and tagline — "Stanley. Make Something Great." — which defines the end result from using Stanley® products.

PROMOTION

The slogan "Stanley. Make Something Great." also defines what Stanley does all over the world. One of the world's most trusted names, Stanley's commitment to its customers goes well beyond providing a wide range of products; through continuous product innovation and strong product support, the company encourages and enables every professional to do his or her very best on every job.

Stanley's commitment to people is expressed in its longtime support of Habitat for Humanity. Stanley volunteers have helped to build thousands of homes for the needy. The company has also



sponsored the TeamWorks Competition at the SkillsUSA Championships, an event that teaches students the importance of team-building skills in business and tests their technical skills in the masonry, carpentry, electrical, and plumbing trades.

BRAND VALUES

Stanley's strength lies in its heritage of quality, innovation, knowledge, and integrity. The world-class brands that Stanley has built have been designed for professionals and for those who think like professionals. Stanley's brand vision is to inspire and motivate consumers to fully realize their skills, vision, and creativity, and by doing so, to be the leadership brand of the hard-goods industry.

THINGS YOU DIDN'T KNOW ABOUT STANLEY

- Stanley® Hardware is used in some of the most prestigious buildings in the world, including the White House, the Empire State Building, Buckingham Palace, Windsor Castle, and the Petronas Towers in Malaysia, the tallest building in the world.
- Stanley® Air Tools are used to build nearly every car and truck made in North America.
- Stanley® tools have been used in constructing virtually every home, school, church, and hospital in America.
- Eight out of 10 wood manufacturing plants use Stanley® Bostitch® Pneumatic Tools.
- Millions of people worldwide pass through Stanley® Automatic Doors every day.
- Stanley® is a leader in residential Steel Entry Doors sold through retail outlets.
- Stanley® Jensen® is the leading tool supplier to electronics technicians.