



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 door, 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 . . . Stanley touches more people on a daily basis than can ever be imagined.

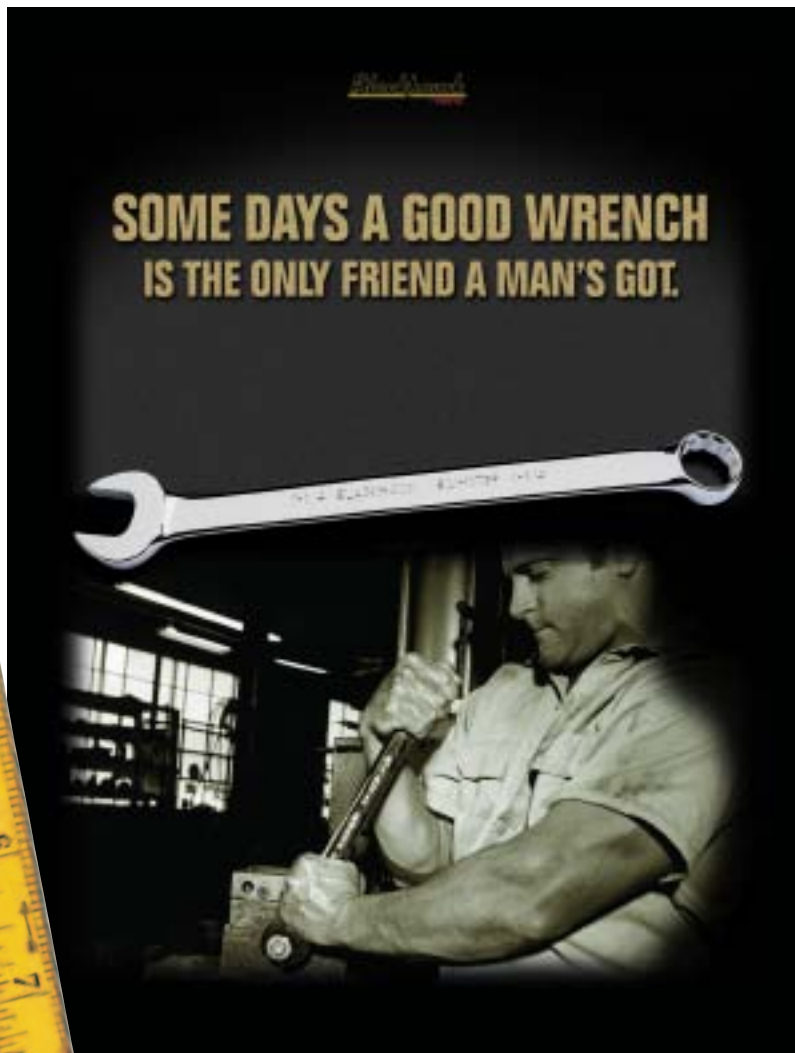
And Stanley's reach is as wide and diverse as its product line. The name Stanley is synonymous with quality and reliability. Stanley is a worldwide producer of well over 50,000 tool, hardware, and security products for professional, industrial, and consumer use. The company is known and trusted globally and boasts 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 161 years ago, Stanley 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.

From engineering research to design excellence to 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, 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.

While the manufacturing shop epitomized the storied Yankee virtues of enterprise and craftsmanship, Stanley 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 ten 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.

Under the leadership of several great presidents, The Stanley Works flourished, and a diverse group of products was manufactured under the Stanley® name. With the acquisition of the Stanley Rule & Level Company, another New Britain-based business — which had been co-founded 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.

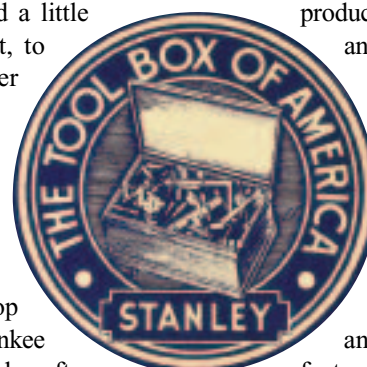
Emerging American markets allowed for new territory for Stanley's products. Capitalizing on the advent of the automobile age, Stanley introduced hardware sets for home garage doors in 1914. To counter the Great

Depression, which practically paralyzed the building industry, the company created new markets with products such as portable electric tools and the "Magic Door®," which, to the astonishment and convenience of those who passed through it, opened automatically in response to a signal from its photoelectric cell.

Today, 161 years after the company's founding, The Stanley Works continues to be an innovative developer, manufacturer, and marketer of tools, hardware, and security solutions for professional, industrial, and consumer 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 have not.

THE PRODUCT

More than 600 products have been introduced over the past six years, and Stanley's industry-leading



licensees continue to bring new and innovative products to market on a regular basis.

With recent business acquisitions, Stanley's product range is larger than ever. Consumer products include hand tools, mechanics tools, tool storage, hardware, and home décor items. Industrial tools include fastening systems, auto assembly tools, storage systems, professional laser measuring and leveling tools, and hydraulic attachments. Security Solutions includes the integration and supplying of security systems and access control solutions, including automatic door and locking systems for commercial applications.

The introduction of the FatMax® product line in the late 1990s included the FatMax® tape rule, which features a standout of eleven feet, the longest standout in the industry, and has gathered praise and press coverage for its original design. In 2003, Stanley was awarded its seventh United States patent for this tape, which is the top-selling tape rule in the industry.

Continuously diversifying, Stanley's most recent innovations include a line of Organization Solutions storage products, Stanley® Professional Grade™ Mechanics Tools Sets, a new line of Bostitch® finish and framing nailers, and ZAG® Garage Storage products.

Stanley's innovative Consumer and Industrial products help people utilize their skills, express their creativity, and realize their visions on work sites around the globe. Brand names include Stanley®, Husky®, Goldblatt®, Bostitch®, Jensen®, Mac®, Proto®, La Bounty®, Vidmar®, CST®, David White®, and ZAG®. The Security Solutions brands include Stanley®, Best®, Blick®, and FriscoBay®.

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 comprise three elements: Growth, Positioning, and Competitiveness.

- **Growth.** Stanley's commitment to continuous innovation has created a steady stream of new products and business opportunities worldwide. Innovative 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 the range of Stanley® products.
- **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 has complemented this strategy by repositioning the brand with one look and feel, 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.

PROMOTION

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.

One of the world's most trusted names, Stanley demonstrates commitment to its customers by going 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.

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. Appropriately representing this exciting period of expanding product range and product innovation, Stanley's bold brand tagline is more appropriate than ever: "Stanley. Make Something Great.™", defining the end result from using Stanley® products.

THINGS YOU DIDN'T KNOW ABOUT STANLEY

- The Stanley Works began in a one-story wooden armory that was used during the War of 1812.
- In the year that Frederick T. Stanley was born (1802), there were only 16 stars on the American flag and New Britain, Connecticut, was not yet considered a town.
- The Stanley Rule and Level Company expanded its business to manufacture checkers, chessmen, wooden toy guns, and earrings during the Civil War.
- 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.
- Millions of people worldwide pass through Stanley® Automatic Doors every day.