

Edgar Filing: STANLEY WORKS - Form 425

STANLEY WORKS
Form 425
April 18, 2002

Filer: The Stanley Works Ltd.
Pursuant to Rule 425 under
the Securities Act of 1933
and Rule 14a-6 under Securities Exchange Act of 1934
Subject Company: The Stanley Works
Commission File No.: 1-5224
Registration Statement No.: 333-82382

SLIDE 1

Tonight's Objectives

- o To help with tax planning
- o To set the record straight

SLIDE 2

Proposed Bermuda
Re-incorporation Transaction

- o Change in legal domicile ...
from Connecticut to Bermuda
- o Conversion of all shares ... from SWK to SWK Ltd.
- o No accounting / operating impacts
- o Ownership & voting rights substantially unchanged
- o Corporate HQ location, business operations,
customer / supplier relationships, etc.
All remain unchanged

Why Do This?

SLIDE 3

Compelling Long-Term Benefits

- o Alignment of corporate structure with increasing
international operations
- o Facilitate expansion of international business
- o Sustained higher levels of free cash flow generation
... flexibility to fund enhancers of shareowner value
- o Potential for higher debt capacity & better ratings ...

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generate one year's free cash flow every 5 years

- o Improvement of worldwide effective tax rate

Provides Much of the Flexibility Needed
to Grow Internationally

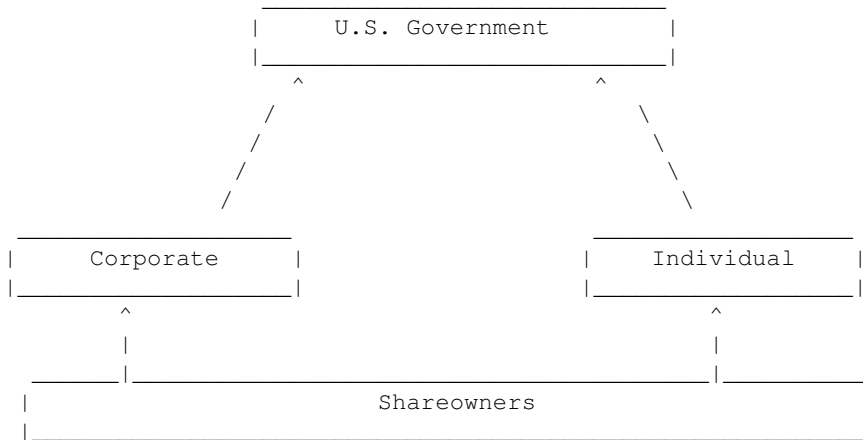
SLIDE 4

Facts to Consider When Voting

- o Corporation is really a creation by and for shareowners
 - Those shareowners pay taxes when wealth is created

SLIDE 5

Shareowners Pay Taxes Through Corporation
& Individually as Wealth is Created



SLIDE 6

Facts to Consider When Voting

- o Corporation is really a creation by and for shareowners
 - Those shareowners pay taxes when wealth is created
- o Stanley is more and more a global company

SLIDE 7

Stanley is More & More a Global Company

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- o 28% of our Sales are outside the U.S.
- o 30% of our Assets are outside the U.S.
- o 40% of our Plants are outside the U.S.
- o 48% of our People are outside the U.S.

SLIDE 8

Facts to Consider When Voting

- o Corporation is really a creation by and for shareowners
 - Those shareowners pay taxes when wealth is created
- o Stanley is more and more a global company
- o Today, Stanley is disadvantaged against some of our foreign competitors who pay less taxes ... even in the U.S.
 - The transaction levels the playing field

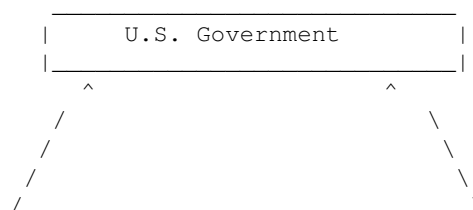
SLIDE 9

Facts to Consider When Voting

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 - The transaction levels the playing field
- o The U.S. Government will benefit near term from the reincorporation!

SLIDE 10

U.S. Government Will Benefit Near Term From the Reincorporation



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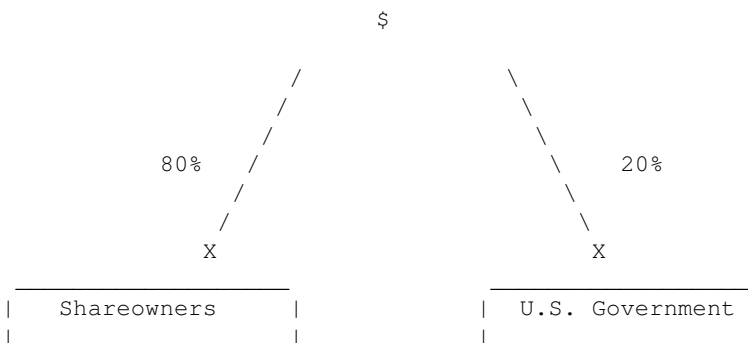
SLIDE 11

Facts to Consider When Voting

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- o The U.S. Government will benefit near term from the reincorporation!
- o Our long-term objective is for Stanley, collectively, to pay more -- not less - taxes ... everyone shares in a bigger pie

SLIDE 12

Our Objective is to Pay More Taxes Long Term
... Not Less !



SLIDE 13

Performance vs. Peers

1 Yr.

3 Yrs.

5 Yrs.

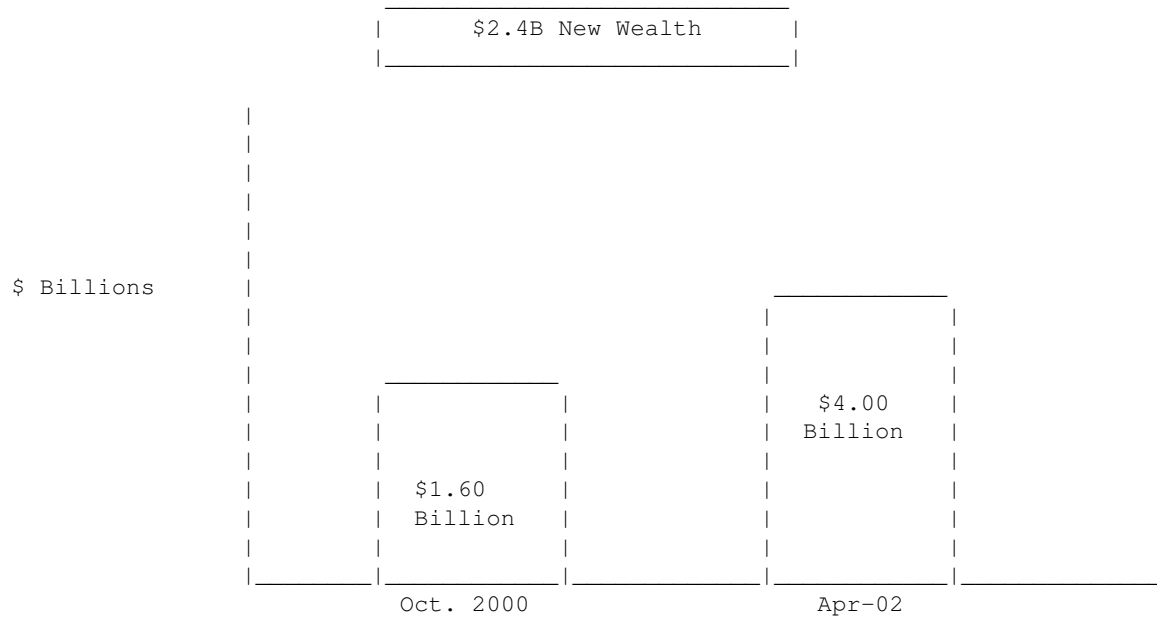
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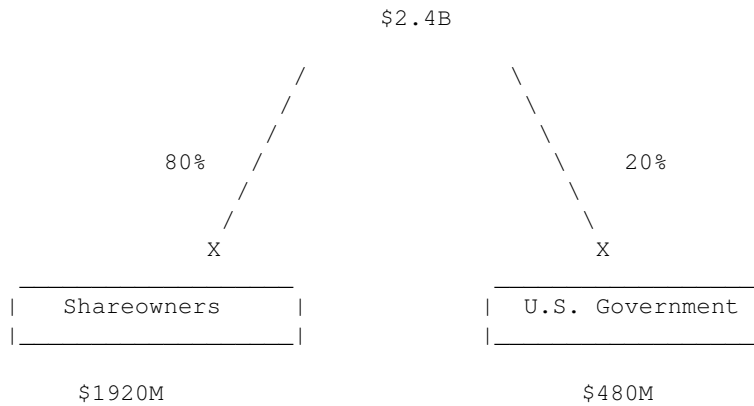
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SLIDE 14

Stock Value



SLIDE 15



SLIDE 16

Glass Half Empty

| I expected to pay the |
| tax later ! |

/

GRAPHIC OMITTED

GRAPIC OMITTED

SLIDE 17

Glass Half Full

| Stanley has been a |
| great investment! |

/

GRAPHIC OMITTED

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SLIDE 18

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The Reincorporation is Being Undertaken to
Increase our Share Price to Benefit Shareowners

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SLIDE 19

More Facts

- o SWK Headquarters WILL NOT move
- o Employment WILL NOT be affected
- o 401(k) and IRA holdings WILL NOT be taxed

- o SWK WILL continue to pay U.S. taxes
- o SWK WILL continue on the New York Stock Exchange
- o SWK WILL continue to be an S&P 500 company

SLIDE 20

Don't be Confused by the
Media Hype

... This Change Will Benefit
All of Us