STANLEY BLACK & DECKER, INC.
Form 424B2
May 11, 2010
Table of Contents

Filed Pursuant to Rule 424(b)(2)
Registration No. 333-153646

$8,694,000

Stanley Black & Decker, Inc.

Floating Rate Convertible Senior Notes due May 17, 2012

This is a remarketing of up to $8.7 million aggregate principal amount of our outstanding floating rate convertible senior notes due May 17, 2012, which we refer to as the convertible notes, originally issued as components of the Floating Rate Equity Units we issued in March 2007 (the Equity Units).

Interest on the convertible notes is payable quarterly in arrears on February 17, May 17, August 17 and November 17 of each year. The interest rate on the convertible notes is currently 3-month LIBOR minus 3.500% (with a floor of 0%), equivalent to a current interest rate of 0%. In connection with the remarketing, the spread on the interest rate on the convertible notes will not be reset, and the interest rate will remain 3-month LIBOR minus 3.500% (with a floor of 0%). Purchasers of convertible notes in the remarketing will receive interest at the interest rate from May 17, 2010, commencing on the next interest payment date of August 17, 2010.

Holders may convert their convertible notes, in multiples of $1,000 principal amount, only upon the occurrence of specified corporate events or on and after the twenty-second scheduled trading day immediately preceding the maturity date until the close of business on the business day immediately preceding the maturity date. Upon conversion, we will deliver cash and, if applicable, shares of our common stock, as described in this prospectus supplement. The amount of cash and shares of our common stock, if any, due upon conversion will be based on a note daily settlement amount calculated on a proportionate basis for each trading day in a 20 trading day note observation period.

The conversion rate for the convertible notes as of the date of this prospectus supplement is 15.5121 shares per $1,000 principal amount of convertible notes (equivalent to a conversion price of approximately $64.47 per share of our common stock), subject to adjustment as described in this prospectus supplement. In addition, following a cash merger that occurs prior to maturity, we will, under certain circumstances, increase the conversion rate for a holder who elects to convert its convertible notes in connection with such a cash merger.

If we undergo a fundamental change, subject to certain conditions, a holder may require us to repurchase their convertible notes in whole or in part for cash at a price equal to 100% of the principal amount of the convertible notes to be repurchased plus accrued and unpaid interest to, but excluding, the repurchase date.

The convertible notes are our direct, unsecured general obligations and rank equally in right of payment with all of our other unsecured and unsubordinated debt. The convertible notes are not obligations of or guaranteed by any of our subsidiaries. As a result, the convertible notes are structurally subordinated to all debt and other liabilities (including guarantees) of our subsidiaries. As of April 3, 2010, on a pro forma basis after giving effect to the release of the guarantee of the convertible notes, we had approximately $1.97 billion of outstanding indebtedness issued or guaranteed by our subsidiary The Black & Decker Corporation.

We will not directly receive any of the proceeds from this remarketing of the convertible notes. See Use of Proceeds and Relationship of the Equity Units to the Remarketing.

Our common stock is listed and traded on the New York Stock Exchange under the symbol SWK. The reported last sale price of our common stock on the New York Stock Exchange on May 7, 2010 was $56.12 per share. The convertible notes are not, and are not expected to be, listed on any national securities exchange or included in any automated quotation system. Prior to this remarketing, there has been no public market for the convertible notes.

Investing in the convertible notes involves risks. See Risk Factors beginning on page S-9 of this prospectus supplement.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or determined if this prospectus supplement or the related prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

	Per Note	Total
Price to Public(1)	103.0%	$ 8,954,820
Net Proceeds(2)	103.0%	$ 8,954,820

(1) Plus accrued interest from May 17, 2010, if settlement occurs after that date.
(2) We will not directly receive any proceeds from the remarketing. See Use of Proceeds and Relationship of the Equity Units to the Remarketing in this prospectus supplement.

We will separately pay a remarketing fee to the remarketing agent in the amount of 1.0% of the total proceeds of the remarketing.

The remarketing agent expects to deliver the convertible notes in book-entry form only through the facilities of The Depository Trust Company against payment in New York, New York on or about May 17, 2010.

Remarketing Agent

Citi

Prospectus Supplement dated May 10, 2010.

Table of Contents

TABLE OF CONTENTS

Prospectus Supplement

	Page
ABOUT THIS PROSPECTUS SUPPLEMENT	S-1
WHERE YOU CAN FIND MORE INFORMATION	S-1
SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS	S-2
SUMMARY	S-5
RISK FACTORS	S-9
USE OF PROCEEDS	S-15
RATIO OF EARNINGS TO FIXED CHARGES	S-16
COMMON STOCK PRICE RANGE AND DIVIDENDS	S-16
DIVIDEND POLICY	S-17
RELATIONSHIP OF THE EQUITY UNITS TO THE REMARKETING	S-18
DESCRIPTION OF REMARKETED NOTES	S-19
REMARKETING	S-40
CERTAIN MATERIAL UNITED STATES FEDERAL INCOME TAX CONSIDERATIONS	S-41
LEGAL MATTERS	S-45
EXPERTS	S-45

Prospectus

	Page
ABOUT THIS PROSPECTUS	1
WHERE YOU CAN FIND MORE INFORMATION	2
SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS	3
THE STANLEY WORKS	5
RISK FACTORS	5
USE OF PROCEEDS	5
RATIO OF EARNINGS TO FIXED CHARGES	5
DESCRIPTION OF SECURITIES	6
DESCRIPTION OF DEBT SECURITIES	6
DESCRIPTION OF CAPITAL STOCK	16
DESCRIPTION OF WARRANTS	22
DESCRIPTION OF DEPOSITARY SHARES	24
DESCRIPTION OF STOCK PURCHASE CONTRACTS AND STOCK PURCHASE UNITS	26
PLAN OF DISTRIBUTION	27
LEGAL MATTERS	28
EXPERTS	28

Table of Contents

ABOUT THIS PROSPECTUS SUPPLEMENT

You should rely only upon the information contained in this prospectus supplement, the accompanying prospectus and the documents they incorporate by reference. We have not authorized any other person to provide you with different or additional information. If anyone provides you with different or additional information, you should not rely on it. You should assume the information appearing in this prospectus supplement and the accompanying prospectus is accurate only as of their respective dates. Our business, financial condition, results of operations and prospects may have changed since those dates.

WHERE YOU CAN FIND MORE INFORMATION

We file annual, quarterly and special reports, proxy statements and other information with the SEC under the Securities Exchange Act of 1934, as amended and the rules promulgated thereunder (the Exchange Act). Our SEC filings are available to the public at the SEC s website at www.sec.gov. You may read and copy all or any portion of this information at the Public Reference Section of the SEC, 100 F Street, N.E., Washington, D.C. 20549. Please call the SEC at 1-800-SEC-0330 for further information about the public reference rooms. We maintain a website at www.stanleyblackanddecker.com. The information on our web site is not incorporated by reference in this prospectus supplement or the accompanying prospectus and you should not consider it a part of this prospectus supplement or the accompanying prospectus.

You can also inspect reports, proxy statements and other information about Stanley Black & Decker, Inc. at the offices of the New York Stock Exchange, 20 Broad Street, New York, New York 10005.

The SEC allows us to incorporate by reference information into this prospectus supplement and the accompanying prospectus, which means that we can disclose important information to you by referring you to another document filed separately with the SEC. The information incorporated by reference is deemed to be part of this prospectus supplement and the accompanying prospectus, except for any information superseded by information contained directly in this prospectus supplement, the accompanying prospectus or any subsequently filed document deemed incorporated by reference. This prospectus supplement and the accompanying prospectus incorporates by reference the documents set forth below that Stanley Black & Decker, Inc. has previously filed with the SEC (other than information deemed furnished and not filed in accordance with SEC rules, including Items 2.02 and 7.01 of Form 8-K). These documents contain important information about Stanley Black & Decker, Inc. and its finances.

Annual Report on Form 10-K for the fiscal year ended January 2, 2010;

The information specifically incorporated by reference into our Annual Report on Form 10-K for the fiscal year ended January 2, 2010 from our definitive proxy statement on Schedule 14A filed with the SEC on April 26, 2010;

Current Reports on Form 8-K filed March 11, 2010, March 12, 2010 (2 separate reports filed on this date) and April 13, 2010;

Table of Contents

Our registration statement on Form S-4 (File No. 333-163509), filed with the SEC on December 4, 2009, as amended by Amendment No. 1 to Form S-4 filed January 14, 2010 and Amendment No. 2 to Form S-4 filed February 2, 2010, including all amendments thereto; and

The description of our common stock contained in our registration statement on Form 8-A, filed with the SEC on November 1, 1985, as amended by Amendment No. 1 to Form 8-A filed March 12, 2010, and any future amendment or report filed for the purpose of updating such description.

All documents filed by us pursuant to Sections 13(a), 13(c), 14 or 15(d) of the Exchange Act after the date of this prospectus supplement and the accompanying prospectus and before the termination of the offering shall also be deemed to be incorporated herein by reference. We are not, however, incorporating by reference any documents or portions thereof, whether specifically listed above or filed in the future, that are not deemed filed with the SEC, including our compensation committee report and performance graph or any information furnished pursuant to Items 2.02 or 7.01 of Form 8-K or certain exhibits furnished pursuant to Item 9.01 of Form 8-K.

To obtain a copy of these filings at no cost, you may write or telephone us at the following address:

Stanley Black & Decker, Inc.

1000 Stanley Drive

New Britain, Connecticut 06053

Attention: Treasurer

(860) 225-5111

We will provide to each person, including any beneficial owner, to whom this prospectus supplement is delivered, a copy of any or all of the information that has been incorporated by reference but not delivered with the prospectus supplement. Exhibits to the filings will not be sent, however, unless those exhibits have specifically been incorporated by reference into such documents.

SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS

This prospectus supplement, the accompanying prospectus and any documents incorporated herein by reference contain or incorporate statements that are forward-looking within the meaning of the Private Securities Litigation Reform Act of 1995.

Those statements include trend analyses and other information relative to markets for our products and trends in our operations or financial results as well as other statements that can be identified by the use of forward-looking language such as may, should, believes, expects, anticipates, plans, estimates, intends, projects, goals, objectives, or other similar expressions. Our actual results, performance or achie could be materially different from the results expressed in, or implied by, those forward-looking statements. Those statements are subject to risks and uncertainties, including but not limited to the risks described in any documents incorporated herein by reference. When considering those forward-looking statements, you should keep in mind the risks, uncertainties and other cautionary statements made in this prospectus supplement, any accompanying prospectus and the documents incorporated by reference.

A variety of factors could cause our actual results to differ materially from the expected results expressed in our forward-looking statements, including those factors set forth in this prospectus supplement, the accompanying prospectus or any documents incorporated herein by reference, including the Risk Factors, Business and Management s Discussion and Analysis of Financial Condition and Results of Operations section of our reports and other documents filed with the SEC. Factors that may cause our actual results to differ materially from those we contemplate by the forward-looking statements include, among others, the following possibilities:

inability to maintain and improve the overall profitability of our operations;

inability to limit the impact of steel and other commodity and material price inflation through price increases and other measures;

inability to capitalize on future acquisition opportunities and fund other initiatives;

inability to invest in routine business needs;

the risk that the cost savings and other synergies anticipated to be realized from our combination with The Black & Decker Corporation (the merger) (as well as future acquisitions) may not be fully realized or may take longer to realize than expected;

disruption from the merger making it difficult to maintain relationships with customers, employees or suppliers;

failure to identify, complete and integrate acquisitions, or to integrate existing businesses;

inability to minimize costs associated with any sale or discontinuance of a business or product line, including any severance, restructuring, legal or other costs;

the extent to which we have to write off accounts receivable or assets or experience supply chain disruptions in connection with bankruptcy filings by our customers or suppliers;

inability to generate free cash flow and maintain strong credit metrics;

inability to successfully settle routine tax audits;

inability to generate earnings sufficient to realize future income tax benefits during periods when temporary differences become deductible;

the continued acceptance of technologies used in our products and services;

continued access to credit markets on favorable terms, and the maintenance by us of an investment grade credit rating;

inability to negotiate satisfactory payment terms for the purchase and sale of goods, material and products;

inability to sustain the success of our marketing and sales efforts, including our ability to recruit and retain an adequate sales force and to maintain our customer base;

inability of the sales force to adapt to any changes made in the sales organization and achieve adequate customer coverage;

inability to stimulate demand for our products;

inability to develop and introduce new products and identify and develop new markets;

loss of significant volumes of sales from our larger customers;

inability to maintain or improve current production rates in our manufacturing facilities, to respond to significant changes in product demand, or to fulfill demand for new and existing products;

inability to implement, manage and maintain our operating systems effectively;

inability to continue successfully managing and defending claims and litigation;

increased pricing pressures and other changes from customers and competitors and the inability to defend market share in the face of competition;

Table of Contents

- continued consolidation of customers, particularly in consumer channels;

- inventory management pressures on our customers;

- changes in trade, monetary, tax and fiscal policies and laws;

- risks relating to environmental matters, including changes in the estimated costs to remediate historical contamination and resolve related litigation;

- risks arising out of changes in environmental laws, including laws that may affect the content or production of our products;

- the final geographic distribution of future earnings and the effect of currency exchange fluctuations and impact of dollar/foreign currency exchange and interest rates on the competitiveness of products, our debt program and our cash flow;

- the strength of the United States and global economies;

- the impact of events that cause or may cause disruption in our distribution and sales networks, such as war, terrorist activities, political unrest, and recessionary or expansive trends in world economies;

- inability to mitigate cost increases generated by, for example, continued increases in the cost of energy or significant Chinese Renminbi or other currency appreciation; and

- failure to recruit and train new employees.

There can be no assurance that other factors not currently anticipated by us will not materially and adversely affect our business, financial condition, and results of operations. You are cautioned not to place undue reliance on any forward-looking statements made by us or on our behalf. Please take into account that forward-looking statements speak only as of the date of this prospectus supplement or, in the case of the accompanying prospectus or any documents incorporated herein by reference, the date of any such document. We do not undertake any obligation to publicly correct or update any forward-looking statement if we later become aware that it is not likely to be achieved. You are advised, however, to consult any further disclosures we make on related subjects in reports to the SEC.

Table of Contents

SUMMARY

This summary contains basic information about us and this remarketing. Because it is a summary, it does not contain all of the information that you should consider before purchasing any securities in the remarketing. You should read this entire prospectus supplement, the accompanying prospectus and the documents incorporated by reference carefully, including the section entitled Risk Factors in our annual report on Form 10-K, as may be supplemented by subsequently filed quarterly reports on Form 10-Q, and registration statement on Form S-4, and our financial statements and the notes thereto incorporated by reference into this prospectus supplement and the accompanying prospectus before making an investment decision. Unless otherwise indicated, all references in this prospectus supplement to the Company, Stanley, we, our, us, or similar terms mean Stanley Black & Decker, Inc. and its subsidiaries.

The Company

Stanley Black & Decker, Inc. (formerly known as The Stanley Works) was founded in 1843 by Frederick T. Stanley and incorporated in 1852. We are a diversified global supplier of hand tools, power tools and related accessories, mechanical access solutions and electronic security solutions.

Our principal executive office is located at 1000 Stanley Drive, New Britain, Connecticut 06053 and our telephone number is (860) 225-5111.

On March 12, 2010, we completed our merger with The Black & Decker Corporation, a Maryland corporation (Black & Decker). Black & Decker, now our wholly owned subsidiary, is a leading global manufacturer and marketer of power tools and accessories, hardware and home improvement products, and technology-based fastening systems. With products and services marketed in over 100 countries, Black & Decker enjoys worldwide recognition of its strong brand names and a superior reputation for quality, design, innovation and value.

Table of Contents

The Remarketing

The summary below describes the principal terms of the convertible notes. Certain of the terms and conditions described below are subject to important limitations and exceptions. The Description of Remarketed Notes section of this prospectus supplement contains a more detailed description of the terms and conditions of the convertible notes. As used in this section, we, our and us refer to Stanley Black & Decker, Inc. and not to its current or future consolidated subsidiaries.

Issuer	Stanley Black & Decker, Inc., a Connecticut corporation.
Securities Remarketed	Up to $8.7 million aggregate principal amount of floating rate convertible senior notes due May 17, 2012, out of $320 million aggregate principal amount of convertible notes currently outstanding.
Maturity Date	May 17, 2012, unless earlier repurchased or converted.
Interest Rate	Interest on the convertible notes is currently 0%, based upon 3-month LIBOR minus 3.500% (with a floor of 0%). In connection with the remarketing, the spread on the interest on the convertible notes will not be reset, and the interest rate will remain 3-month LIBOR minus 3.500% (with a floor of 0%). Interest on the convertible notes is payable quarterly in arrears on February 17, May 17, August 17 and November 17 of each year. Purchasers of convertible notes in the remarketing will receive interest at the interest rate from May 17, 2010 commencing on the next interest payment date, August 17, 2010.
Fundamental Change	If we undergo a fundamental change (as defined in this prospectus supplement under Description of Remarketed Notes Repurchase at Option of Holders Upon a Fundamental Change), subject to certain conditions, a holder will have the option to require us to repurchase their convertible notes in whole or in part for cash at a price equal to 100% of the principal amount of the convertible notes to be repurchased plus unpaid interest, if any, accrued to, but excluding, the repurchase date.
Conversion Rights	Holders may convert their convertible notes, in multiples of $1,000 principal amount, only upon the occurrence of specified corporate events described under Description of Remarketed Notes Conversion Upon Specified Transactions or on and after the twenty-second scheduled trading day immediately preceding the maturity date until the close of business on the business day immediately preceding the maturity date. Holders ability to convert their convertible notes is not dependent on the price of our common stock or on the trading price of the convertible notes.

The conversion rate for the convertible notes as of the date of this prospectus supplement is 15.5121 shares per $1,000 principal amount of convertible notes (equivalent to a conversion price of approximately $64.47 per share of our common stock), subject to adjustment as described in this prospectus supplement.

Upon conversion, we will deliver to holders in respect of each $1,000 principal amount of convertible notes being converted, cash and, if applicable, shares of our common stock. The amount of cash and shares of our common stock, if any, due upon conversion will be based on a note daily

Table of Contents

settlement amount (as described herein) calculated on a proportionate basis for each trading day in a 20 trading day note observation period (as described under Description of Remarketed Notes Conversion Settlement.

In addition, following a cash merger that occurs prior to maturity, we will, under certain circumstances, increase the conversion rate for a holder who elects to convert its convertible notes in connection with such a cash merger as described under Description of Remarketed Notes Conversion Rights Make Whole Amount Upon a Cash Merger.

Upon a conversion of a convertible note, a holder will not receive any cash payment of interest, except in limited circumstances, and we will not adjust the conversion rate to account for accrued and unpaid interest. Our delivery to the holder of cash and our common stock, if any, will be deemed to satisfy all of our obligations with respect to convertible notes tendered for conversion. Accordingly, upon a conversion of convertible notes, any accrued but unpaid interest will be deemed to be paid in full, rather than cancelled, extinguished or forfeited.

Redemption

The notes are not redeemable at our option at any time.

Ranking

The convertible notes are our direct, unsecured general obligations and rank equally in right of payment with all of our other unsecured and unsubordinated debt.

The convertible notes are not obligations of or guaranteed by any of our subsidiaries. As a result, the convertible notes are structurally subordinated to all debt and other liabilities (including guarantees) of our subsidiaries, which means that creditors and preferred stockholders of our subsidiaries will be paid from the assets of such subsidiaries before holders of the convertible notes would have any claims to those assets.

As of April 3, 2010, on a pro forma basis after giving effect to the release of the guarantee of the convertible notes, we had no indebtedness that ranked equally in right of payment with the convertible notes and $1.97 billion of indebtedness either issued by us and guaranteed by Black & Decker or issued by Black & Decker and guaranteed by us that is structurally senior to the convertible notes.

The Remarketing

The convertible notes were issued by us on March 20, 2007 as a part of our issuance of Equity Units. Each Equity Unit initially consisted of a contract to purchase shares of our common stock (a purchase contract) and a $1,000 principal amount convertible note, which together are referred to as an Equity Unit. In order to secure their obligations under the purchase contracts, holders of the Equity Units pledged their convertible notes to us through a collateral agent. Pursuant to the terms of the Equity Units, the remarketing agent remarketed the convertible notes at a price equal to 103% of the aggregate principal amount of the convertible notes included in the remarketing under the terms of, and subject to the conditions contained in, the remarketing agreement among us, the remarketing agent and The Bank of New York Mellon Trust Company, N.A., not individually but solely as purchase contract agent and as attorney-in-fact of the holders of purchase contracts. See Remarketing in this prospectus supplement.

Listing

The convertible notes are not, and are not expected to be, listed on any national securities exchange or included in any automated quotation system.

Use of Proceeds	We will not directly receive any proceeds from the remarketing. However, the portion of the proceeds from the remarketing attributable to convertible notes that are part of Equity Units will automatically be applied to satisfy in full the related Equity Unit holders obligations to purchase our common stock under their purchase contracts. The remarketing agent will remit any proceeds that remain from the remarketing of convertible notes that are part of Equity Units after this application for the benefit of holders of such Equity Units.
U.S. Federal Income Tax Considerations	See Certain Material United States Federal Income Tax Considerations.
Risk Factors	In considering whether to purchase the convertible notes, you should carefully consider all of the information we have included or incorporated by reference in this prospectus supplement. In particular, you should carefully consider the risk factors described in the section of this prospectus supplement entitled Risk Factors, the discussion of risks relating to our business under the caption Risk Factors in our annual report on Form 10-K and subsequently filed quarterly reports on Form 10-Q, and registration statement on Form S-4, and the factors listed in Special Note Regarding Forward-Looking Statements in this prospectus supplement.
New York Stock Exchange Symbol for Our Common Stock	Our common stock is listed on The New York Stock Exchange under the symbol SWK.
Trustee, Paying Agent and Conversion Agent	The trustee, paying agent and the conversion agent for the notes will be The Bank of New York Mellon Trust Company, N.A.

Table of Contents

RISK FACTORS

In considering whether to purchase the convertible notes, you should carefully consider all of the information we have included or incorporated by reference in this prospectus supplement. In particular, you should carefully consider the risk factors described below, the discussion of risks relating to our business under the caption Risk Factors in our annual report on Form 10-K and subsequently filed quarterly reports on Form 10-Q, and our registration statement on Form S-4 and the factors listed in Special Note Regarding Forward-Looking Statements in this prospectus supplement.

Risk Factors Relating to Our Convertible Notes

As used in this section, we, our and us refer to Stanley Black & Decker, Inc. and none of its other current or future consolidated subsidiaries.

The convertible notes are effectively subordinated to our secured debt and any liabilities of our subsidiaries.

The convertible notes will rank senior in right of payment to our existing and future indebtedness that is expressly subordinated in right of payment to the convertible notes; equal in right of payment to our existing and future liabilities that are not so subordinated; junior in right of payment to any of our secured indebtedness to the extent of the value of the assets securing such indebtedness; and structurally junior to all existing and future indebtedness and other liabilities (including guarantees) of our subsidiaries. In the event of our bankruptcy, liquidation, reorganization or other winding up, our assets that secure debt will be available to pay obligations on the convertible notes only after the secured debt has been repaid in full from these assets. There may not be sufficient assets remaining to pay amounts due on any or all of the convertible notes then outstanding. The indenture governing the convertible notes does not prohibit us from incurring additional senior debt or secured debt, nor does it prohibit any of our subsidiaries from incurring additional liabilities.

As of April 3, 2010, on a pro forma basis after giving effect to the release of the guarantee of the convertible notes, we had no indebtedness that ranked equally in right of payment with the convertible notes and $1.97 billion of indebtedness either issued by us and guaranteed by Black & Decker or issued by Black & Decker and guaranteed by us that is structurally senior to the convertible notes.

The release of the Black & Decker guarantee may adversely affect the credit rating of the convertible notes.

To facilitate the remarketing, the guarantee of the convertible notes by Black & Decker was released in accordance with the terms of the indenture. The release of the guarantee may adversely affect the credit rating of the convertible notes, which could adversely affect the market price of the convertible notes. As a result of the release of the guarantee, the convertible notes will not rank equally in right of payment with our other existing and future liabilities that are guaranteed by Black & Decker or with Black & Decker liabilities that we have guaranteed.

Your ability to transfer the convertible notes may be limited by the absence of an active trading market, and there is no assurance that any active trading market will develop for the convertible notes.

There is no established public market for the convertible notes and, prior to the remarketing, trading for the convertible notes has been illiquid. We have not applied for and do not intend to apply for listing of the convertible notes on any securities exchange, nor do we intend to arrange for the convertible notes to be quoted on any quotations system.

The liquidity of any market for the convertible notes will depend upon the number of holders of the convertible notes, our performance, the market for similar securities, the interest of securities dealers in making a market in the convertible notes and other factors. A liquid trading market may never develop for the convertible notes. If a market develops, the convertible notes could trade at prices that may be lower than the remarketing price of the convertible notes. We cannot predict the extent, if any, to which investors interest will lead to a liquid trading market. If an active market does not develop or is not maintained, the price and liquidity of the convertible notes may be adversely affected.

The conditional conversion feature of the convertible notes may prevent a conversion of convertible notes prior to the twenty-second scheduled trading day immediately preceding the maturity date.

The convertible notes are convertible prior to the twenty-second scheduled trading day immediately preceding the maturity date only upon the occurrence of a specified transaction as described in this prospectus supplement. Your ability to convert your convertible notes is not dependent upon the price of our common stock or on the trading price of the convertible notes. See Description of Remarketed Notes Conversion Rights in this prospectus supplement. If these conditions are not met, holders of convertible notes will not be able to convert their convertible notes prior to the twenty-second scheduled trading day immediately preceding the maturity date and therefore may not be able to receive the value of the consideration for which the convertible notes would otherwise be convertible.

The conversion rate of the convertible notes may not be adjusted for all dilutive events.

The conversion rate of the convertible notes is subject to adjustment for certain events, including, but not limited to, certain dividends on our common stock in amounts greater or less than $0.30 per share per quarter, the issuance of certain rights, options or warrants to holders of our common stock, subdivisions or combinations of our common stock, certain distributions of assets, debt securities, capital stock or cash to holders of our common stock and certain tender or conversion offers as described under Description of Remarketed Notes Conversion Rate Adjustments in this prospectus supplement. The conversion rate will not be adjusted for other events, such as an issuance of common stock for cash, that may adversely affect the trading price of the convertible notes and our common stock. We cannot assure you that an event will not occur that is adverse to the interests of the holders of convertible notes and their value but does not result in an adjustment to the conversion rate. The indenture does not restrict our ability to offer common stock in the future or to engage in other transactions that could dilute our common stock. We have no obligation to consider the interests of the holders of the convertible notes in engaging in any such offering or transaction. If we issue additional shares of common stock, those issuances may materially and adversely affect the price of our common stock and the price of the convertible notes.

As a holder of convertible notes, you will not be entitled to any rights with respect to our common stock, but you will be subject to all changes made with respect thereto, but only to the extent our conversion obligation includes any shares of common stock.

If you hold convertible notes, you will not be entitled to any rights with respect to our common stock (including, without limitation, voting rights and rights to receive any dividends or other distributions on our common stock), but you will be subject to all changes affecting our common stock to the extent our conversion obligation includes any shares of common stock. You will have rights with respect to our common stock only if you receive our common stock upon conversion and only as of the date when you become a record owner of the shares of our common stock upon such conversion. For example, if an amendment is proposed to our charter or bylaws requiring shareholder approval and the record date for determining the shareholders of record entitled to vote on the amendment occurs prior to the date you are deemed to be the owner of the shares of our common stock, if any, due upon conversion, you will not be entitled to vote on the amendment, although you will nevertheless be subject to any changes in the powers, preferences or special rights of our common stock.

The indenture does not restrict our ability to take certain actions that could negatively impact holders of the convertible notes.

We are not restricted under the terms of the indenture or the convertible notes from incurring additional debt that would be equal in right of payment to the convertible notes. In addition, the limited covenants applicable to the convertible notes do not require us to achieve or maintain any minimum financial results relating to our financial position or results of operations. Our ability to recapitalize, incur additional debt and take a number of other actions that are not limited by the terms of the convertible notes could have the effect of diminishing our ability to make payments on the convertible notes when due. Certain of our other debt instruments may, however, restrict these and other actions.

Table of Contents

We are both an operating company and a holding company and may require cash from our subsidiaries to make payments on the convertible notes.

The convertible notes are solely our obligations and no other entity will have any obligation, contingent or otherwise, to make payments in respect of the convertible notes. While we have substantial operations of our own, we are also a holding company for several direct and indirect subsidiaries. Our subsidiaries will have no obligation to pay any amount in respect of the convertible notes. Accordingly, we may depend, in part, on dividends and other distributions from our subsidiaries to generate the funds necessary to meet our obligations under the indenture governing the convertible notes, including payment of interest. As described above, as an equity holder of our subsidiaries, our ability to participate in any distribution of assets of any subsidiary is structurally subordinate to the claims of the creditors of that subsidiary. If we are unable to obtain cash from our subsidiaries, we may be unable to fund required payments in respect of the convertible notes.

We may not have the cash necessary to pay the amount of cash required upon conversion of convertible notes or to repurchase the convertible notes following a fundamental change.

Upon a conversion of convertible notes in accordance with their terms, we will be required to pay up to the principal amount of such convertible notes in cash. Holders of convertible notes also have the right to require us to repurchase the convertible notes for cash upon the occurrence of a fundamental change. Any of our future debt agreements or securities may contain similar provisions. We may not have sufficient funds to pay the amount of cash required upon a conversion of convertible notes or make the required repurchase of convertible notes, as the case may be, at the applicable time and, in such circumstances, may not be able to arrange the necessary financing on favorable terms, if at all. In addition, our ability to pay the amount of cash required upon a conversion of convertible notes or make the required repurchase, as the case may be, may be limited by law or the terms of other debt agreements or securities. Our failure to pay the amount of cash required upon conversion of convertible notes or make the required repurchase, as the case may be, would constitute an event of default under the indenture governing the convertible notes, which, in turn, could constitute an event of default under other debt agreements or securities, thereby resulting in their acceleration and required prepayment, and further restrict our ability to make such payments and repurchases.

The price of our common stock may fluctuate significantly.

The market price of our common stock may fluctuate significantly in response to many factors, including:

- actual or anticipated variations in our operating results or dividends;
- changes in our funds from operations or earnings estimates;
- publication of research reports about us or the industry, generally;
- increases in market interest rates that lead purchasers of our shares to demand a higher dividend yield;
- changes in market valuations of similar companies;
- adverse market reaction to any additional debt we incur in the future;
- additions or departures of key management personnel;
- actions by institutional shareholders;

speculation in the press or investment community;

the realization of any of the other risk factors included in, or incorporated by reference to, this prospectus supplement; and

Table of Contents

general market and economic conditions.

Holders who receive our common stock upon conversion of their convertible notes will be subject to the risk of volatile and depressed market prices of our common stock. In addition, many of the factors listed above are beyond our control. These factors may cause the market price of our common stock to decline, regardless of the financial condition, results of operations, business or prospects of us and our subsidiaries. It is impossible to assure converting holders that the market price of our common stock will not fall in the future.

Upon conversion of the convertible notes, we will pay only cash in settlement of up to the principal amount thereof and we may settle any amounts in excess of the principal amount in shares of our common stock, cash or a combination thereof.

We will satisfy our conversion obligation to holders by paying only cash in settlement of the lesser of the principal amount and the daily conversion value of the convertible notes and by delivering shares of our common stock, cash or a combination thereof in settlement of any conversion obligations in excess of the principal amount of the convertible notes. Accordingly, upon conversion of a convertible note, you will receive fewer shares of such common stock than would be deliverable if the convertible notes were convertible solely for shares of our common stock based on the conversion rate, and, accordingly, you may not receive any shares of our common stock. In addition, upon conversion of the convertible notes, you may receive less proceeds than expected because the value of our common stock may decline (or not appreciate as much as you may expect) between the day that you exercise your conversion right and some or all of the 20 consecutive trading days as to which the daily conversion values of your convertible notes will be determined. Finally, upon conversion, you may receive only cash with a value less than the principal amount of convertible notes being converted because the value of our common stock may decline (or not appreciate as much as you expect) between the day that you exercise your conversion right and the day the conversion value of your convertible notes is finally determined.

The make whole premium on convertible notes converted in connection with a cash merger may not adequately compensate holders for the lost option time value of their convertible notes as a result of any such cash merger.

If a cash merger described in this prospectus supplement occurs, then, under certain circumstances, we will increase the conversion rate by a number of additional shares of our common stock. This increased conversion rate will apply only to holders who convert their convertible notes in connection with any such cash merger. The number of additional shares of our common stock will be determined based on the date on which the cash merger becomes effective and, in the case of a cash merger in which holders of our common stock receive only cash, the price paid per share of our common stock in such cash merger, otherwise, the average of the closing prices per share of our common stock over the five trading day period ending on the trading day immediately preceding the effective date of such cash merger, as described under Description of Remarketed Notes Conversion Rights Make Whole Amount Upon a Cash Merger in this prospectus supplement.

The number of additional shares was designed to compensate holders for lost option time value of the convertible notes as a result of such cash merger. However, that number was based on market conditions when we issued the convertible notes in 2007, and it may not be reflective of current market conditions or what the number of additional shares would be had we issued new convertible notes today. Moreover, even based on 2007 market conditions, the number of additional shares is only an approximation of such lost time value. As a result, the amount of the make-whole premium may not adequately compensate holders for such a loss and may be considered a penalty, in which case the enforceability thereof would be subject to general principles of reasonableness of economic remedies.

In addition, if the price paid per share of our common stock in the transaction is less than $54.17 or in excess of $106.95, the conversion rate will not be increased. In no event will the number of shares of our common stock issuable upon a conversion of convertible notes exceed 18.4594 per $1,000 principal amount of convertible notes, subject to adjustment, regardless of when the cash merger becomes effective, or in the case of certain cash mergers in which holders of our common stock receive only cash, the price paid per share of our common stock in

Table of Contents

the cash merger, otherwise the average of the closing sale prices per share of our common stock over the five trading day period ending on the trading day immediately preceding the effective date of such transaction, as the case may be.

The definition of a fundamental change requiring us to repurchase convertible notes is limited and therefore the market price of the convertible notes may decline if we enter into a transaction that does not constitute a fundamental change.

The term fundamental change, as used in the convertible notes and the indenture, is limited and may not include every event that might cause the market price of the convertible notes to decline. As a result, our obligation to repurchase the convertible notes upon a fundamental change may not preserve the value of the convertible notes in the event of a highly leveraged transaction, or certain reorganizations, mergers or similar transactions.

The fundamental change repurchase rights and the increased conversion rate triggered by a cash merger could discourage a potential acquiror.

The repurchase rights in the convertible notes triggered by a fundamental change, as described under the heading Description of Remarketed Notes Repurchase at Option of Holders Upon a Fundamental Change and the increased conversion rate triggered by a cash merger, as described under the heading Description of Remarketed Notes Conversion Rights Make Whole Amount could discourage a potential acquiror, including potential acquirors that otherwise seek a transaction with us that would be attractive to you.

Recent developments in the convertible debt markets may adversely affect the market value of the convertible notes.

Governmental actions that interfere with the ability of convertible notes investors to effect short sales of the underlying shares of our common stock could significantly affect the market value of the convertible notes. Such government actions would make the convertible arbitrage strategy that many convertible notes investors employ difficult to execute for outstanding convertible notes of any company whose shares of common stock are subject to such actions. At an open meeting on February 24, 2010, the SEC adopted a new short sale price test, which will take effect on May 10, 2010 through an amendment to Rule 201 of Regulation SHO. The new Rule 201 will restrict short selling only when a stock price has triggered a circuit breaker by falling at least 10 percent from the previous day s closing price, at which point short sale orders can be displayed or executed only if the order price is above the current national best bid, subject to certain limited exceptions. If such new price test precludes convertible notes investors from executing the convertible arbitrage strategy that they employ or other limitations are instituted by the SEC or any other regulatory agencies, the market value of the notes could be adversely affected.

The convertible notes may not be rated or may receive a lower rating than anticipated.

We have not sought and do not intend to seek a rating for the convertible notes. However, if one or more rating agencies rates the convertible notes and assigns the convertible notes a rating lower than the rating expected by investors, reduces their rating in the future or announces its intention to put the convertible notes on credit watch, the market price of our common stock and convertible notes would be harmed.

The convertible note hedge and warrant transactions may affect the value of the convertible notes and our common stock.

We entered into convertible note hedge transactions with affiliates of one or more of the underwriters, whom we refer to as the hedge participants, in connection with the issuance of the convertible notes in March 2007. We also entered into warrant transactions with the hedge participants. The convertible note hedge transactions are expected to eliminate potential dilution upon conversion of the convertible notes. However, the warrant transactions could have a dilutive effect on our earnings per share to the extent that the price of our common stock exceeds the strike price of the warrants at the time of exercise.

Table of Contents

The hedge participants have informed us that they or their affiliates are likely to modify their respective hedge positions with respect to these transactions by entering into or unwinding various derivative transactions with respect to our common stock and/or by purchasing or selling our common stock in secondary market transactions prior to the maturity of the convertible notes. In particular, they have informed us that such hedge modification transactions are likely to occur during any note observation period for a conversion of convertible notes, which may have a negative effect on the amount or value of the consideration received in relation to the conversion of those convertible notes. In addition, we intend to exercise options we hold under the convertible note hedge transaction whenever convertible notes are converted. In order to unwind their hedge position with respect to those exercised options, the hedge participants have informed us that they or their affiliates will likely sell shares of our common stock in secondary transactions or unwind various derivative transactions with respect to our common stock during any note observation period for the convertible notes.

The hedge participants have informed us that the effect, if any, of any of these transactions and activities on the market price of our common stock or the convertible notes will depend in part on market conditions and cannot be ascertained at this time, but any of these activities could adversely affect the value of our common stock and the value of the convertible notes and, as a result, the amount of cash and/or number of shares of our common stock, if any, as well as the value of such shares of our common stock you may receive upon conversion of the convertible notes.

You may be subject to tax if we make or fail to make certain adjustments to the conversion rate of the convertible notes even though you do not receive a corresponding cash distribution.

The conversion rate of the convertible notes will be adjusted in certain circumstances. Under section 305(c) of the Internal Revenue Code of 1986, as amended, adjustments (or the absence of adjustments) that have the effect of increasing the proportionate interest of a U.S. Holder (as defined below) in our assets or earnings and profits may in some circumstances result in a deemed distribution. Accordingly, if at any time we make a distribution of property to our stockholders that would be taxable to the stockholders as a dividend for United States federal income tax purposes and, in accordance with the anti-dilution provisions of the convertible notes, the conversion rate of the convertible notes is increased, such increase may be deemed to be the payment of a taxable dividend to U.S. Holders of the convertible notes. If a make-whole fundamental change occurs on or prior to the maturity date of the convertible notes, under some circumstances, we will increase the conversion rate for convertible notes converted in connection with such make-whole fundamental change. Such increase may be treated as a distribution subject to U.S. federal income tax as a dividend. See Description of Remarketed Notes Conversion Rights Conversion Rate Adjustments and Certain Material United States Federal Income Tax Considerations. If you are a Non-U.S. Holder (as defined in Certain Material United States Federal Income Tax Considerations), any deemed dividend would be subject to U.S. federal withholding tax at a 30% rate, or such lower rate as may be specified by an applicable treaty, which may be set off against subsequent payments with respect to the convertible notes. See Certain Material United States Federal Income Tax Considerations.

Table of Contents

USE OF PROCEEDS

We will not directly receive any of the proceeds from this remarketing. See Remarketing. Proceeds from the remarketing attributable to the convertible notes that are part of the Equity Units that participated in the remarketing will be used as follows:

- to satisfy the obligations of the holders of Equity Units to purchase our common stock under the related purchase contracts on the date of settlement of the remarketing; and

- any remaining proceeds will be remitted for the benefit of holders of Equity Units participating in the remarketing, on a pro rata basis.

See Relationship of the Equity Units to the Remarketing.

Table of Contents

RATIO OF EARNINGS TO FIXED CHARGES

The ratio of earnings to fixed charges for each of the periods indicated is set forth below. For purposes of computing these ratios, earnings represents income from continuing operations before income taxes and fixed charges. Fixed charges are the sum of (i) interest expense, (ii) the portion of rents representative of interest, and (iii) amortization of capitalized interest. See Exhibit 12 of the Company s annual report on Form 10-K for the year ended January 2, 2010 (incorporated herein by reference) for a detailed computation of the ratio of earnings to fixed charges.

	For the Fiscal Year				
	2009	2008	2007	2006	2005
Ratio of Earnings to Fixed Charges	5.0	3.9	5.2	5.5	8.4

COMMON STOCK PRICE RANGE AND DIVIDENDS

Our common stock is listed and traded on the New York Stock Exchange, Inc. (NYSE) under the abbreviated ticker symbol SWK, and is a component of the Standard & Poor s (S&P) 500 Composite Stock Price Index. Our high and low quarterly stock prices on the NYSE for the periods indicated, and the dividends paid per share of our common stock, follow:

	Price per Share of Common Stock		Dividends Paid Per Share
	High	Low	
Fiscal year ended January 3, 2009			
First Quarter	$ 52.18	$ 43.69	$ 0.31
Second Quarter	51.08	44.50	0.31
Third Quarter	49.58	40.56	0.32
Fourth Quarter	43.93	24.19	0.32
Fiscal year ending January 2, 2010			
First Quarter	$ 36.38	$ 22.75	$ 0.32
Second Quarter	40.01	29.91	0.32
Third Quarter	42.69	31.28	0.33
Fourth Quarter	53.13	40.97	0.33
Fiscal year ending January 1, 2011			
First Quarter	$ 59.90	$ 51.25	$ 0.33
Second Quarter (through May 7, 2010)	65.07	56.12	

The reported last sale price for our common stock on the NYSE on May 7, 2010 was $56.12 per share. At May 6, 2010, there were 160,392,998 shares of our common stock outstanding held by approximately 17,681 registered stockholders.

Table of Contents

DIVIDEND POLICY

We have paid quarterly cash dividends per share of common stock as follows:

Dividend Payable Date	Cash Dividend Per Share
March 25, 2008	$ 0.31
June 24, 2008	$ 0.31
September 23, 2008	$ 0.32
December 16, 2008	$ 0.32
March 24, 2009	$ 0.32
June 23, 2009	$ 0.32
September 22, 2009	$ 0.33
December 15, 2009	$ 0.33
March 23, 2010	$ 0.33

We expect to continue to pay quarterly cash dividends on our common stock in the future. The declaration and payment of cash dividends, quarterly or otherwise, on our common stock are not guaranteed. The declaration and payment of future dividends to holders of our common stock will be at the discretion of our board of directors and will depend upon many factors, including our financial condition, earnings, legal requirements and other factors as our board of directors deems relevant.

Table of Contents

RELATIONSHIP OF THE EQUITY UNITS TO THE REMARKETING

In March 2007, we issued 330,000 Equity Units in a registered offering. Each Equity Unit was initially comprised of (1) a purchase contract pursuant to which the holder (a) agreed to purchase from us, on May 17, 2010, for a price of $1,000 in cash, a variable number of shares of our common stock, depending on the volume-weighted average price of our common stock over the 20-trading day period ending on the third trading day prior to May 17, 2010 and (b) receives from us quarterly contract adjustment payments and (2) a convertible note having a principal amount of $1,000 due May 17, 2012.

Under the terms of the Equity Units, we have engaged Citigroup Global Markets Inc., as the remarketing agent (the remarketing agent) to remarket the convertible notes on behalf of the holders (other than those holders who have elected not to participate in the remarketing), pursuant to the Remarketing Agreement.

We will not directly receive any of the proceeds from the remarketing. See Use of Proceeds. A portion of the proceeds of the remarketing of the Equity Units will be used to satisfy the obligations of holders of Equity Units that participated in the remarketing to purchase our common stock under the related purchase contracts on the date of settlement of the remarketing. The remarketing agent will remit any proceeds that remain from the remarketing of convertible notes that are part of Equity Units after this application for the benefit of holders of such Equity Units.

Table of Contents

DESCRIPTION OF REMARKETED NOTES

The description in this prospectus supplement is a summary of some of the terms of our convertible notes and the indenture. The description of the convertible notes and the indenture contain a summary of their material terms but do not purport to be complete, and reference is hereby made to the indenture that has been filed as an exhibit to the registration statement of which this prospectus supplement is a part. Copies of the indenture and the forms of certificates evidencing the convertible notes are available upon request from us.

General

The convertible notes were issued as a separate series of debt securities under an indenture dated as of November 1, 2002, between us and The Bank of New York Mellon Trust Company, N.A. (formerly The Bank of New York Trust Company, N.A.), as successor trustee (the trustee) to JPMorgan Chase Bank, N.A., as supplemented by supplemental indentures dated as of March 20, 2007 and March 12, 2010 between us, the trustee and, in the case of the second supplemental indenture, Black & Decker. The convertible notes were issued in connection with our issuance of Equity Units. The Equity Units initially consisted of units, each with a stated amount of $1,000. Each Equity Unit was initially comprised of (1) a purchase contract pursuant to which the holder (a) agrees to purchase from us, on May 17, 2010, for a price of $1,000 in cash, a variable number of shares of our common stock based on the volume-weighted average price of our common stock over the 20-trading day period ending on the third trading day prior to May 17, 2010 and (b) receives from us quarterly contract adjustment payments and (2) a convertible note having a principal amount of $1,000 due May 17, 2012.

We refer to the convertible notes and all other debt securities issued under the indenture herein as indenture securities . For the purposes of this section, any reference to the indenture shall generally mean the indenture as supplemented by the supplemental indentures relating to the convertible notes.

The indenture permits us to issue an unlimited amount of indenture securities from time to time in one or more series. All indenture securities of any one series need not be issued at the same time, and a series may be reopened for issuances of additional indenture securities of such series. Additional indenture securities issued in this manner will be consolidated with, and will form a single series with, the previously outstanding indenture securities of such series.

This prospectus supplement relates to the remarketing of the convertible notes.

The convertible notes initially were issued in an aggregate principal amount of $330,000,000. In November 2008, we repurchased (and subsequently retired) $10 million of the Equity Units for $5.3 million in cash. As a result, there are currently $320,000,000 of the convertible notes outstanding. The convertible notes are issued in certificated form, without coupons, in denominations of $1,000 and integral multiples of $1,000.

Except to the limited extent described below under Consolidation, Merger and Sale of Assets and Conversion Rights Make Whole Amount Upon a Cash Merger, the indenture does not contain any provisions that are intended to protect holders of convertible notes in the event of a highly leveraged or similar transaction involving us.

Ranking

The convertible notes are our direct, unsecured general obligations and rank equally in right of payment with all of our other unsecured and unsubordinated debt.

The convertible notes are not obligations of or guaranteed by any of our subsidiaries. As a result, the convertible notes are structurally subordinated to all debt and other liabilities (including guarantees) of our subsidiaries, which means that creditors and preferred stockholders of our subsidiaries will be paid from the assets of such subsidiaries before holders of the convertible notes would have any claims to those assets.

Table of Contents

As of April 3, 2010, on a pro forma basis after giving effect to the release of the guarantee of the convertible notes, we had no indebtedness that ranked equally in right of payment with the convertible notes and $1.97 billion of indebtedness either issued by us and guaranteed by Black & Decker or issued by Black & Decker and guaranteed by us that is structurally senior to the convertible notes.

Interest

The interest rate on the convertible notes is currently an annual rate of 3-month LIBOR, reset quarterly, minus 3.500% (with a floor of 0%), equivalent to a current interest rate of 0%. In connection with the remarketing, the spread on the interest rate on the convertible notes will not be reset, and the interest rate will remain 3-month LIBOR, reset quarterly, minus 3.500% (with a floor of 0%). Interest is payable quarterly in arrears on February 17, May 17, August 17 and November 17 of each year, each an interest payment date, to the person in whose name a convertible note is registered at the close of business on the first day of the month in which the interest payment date falls, which we refer to as a record date. Each payment of interest includes interest accrued for the period, which we refer to as an interest period, commencing on and including the immediately preceding interest payment date to but excluding the applicable interest payment date. Interest on the convertible notes is computed using the actual number of days in the interest period divided by 360. Regardless of the level of 3-month LIBOR, the interest on the convertible note will not be less than 0% per annum. Purchasers of convertible notes in the remarketing will receive interest at the interest rate from May 17, 2010, commencing on the next interest payment date of August 17, 2010.

If a holder surrenders a convertible note for repurchase by us in accordance with the terms of such convertible note, we will pay accrued and unpaid interest, if any, to the holder that surrenders such convertible note for repurchase. However, if a repurchase date falls after a record date and on or prior to the corresponding interest payment date, we will pay the full amount of accrued and unpaid interest, if any, due on such interest payment date to the holder of record at the close of business on the corresponding record date, and the price paid upon repurchase will be equal to the principal amount of the convertible notes to be repurchased.

If an interest payment date falls on a date that is not a business day, such interest payment date will be postponed to the next succeeding business day, provided that, if such business day falls in the next succeeding calendar month, the interest payment date will be brought forward to the immediately preceding business day.

3-month LIBOR

The annual rate of regular interest payable on the convertible notes will be reset on each interest payment date commencing August 17, 2010. We refer to each February 17, May 17, August 17 and November 17, commencing August 17, 2007 as a LIBOR reset date. If any LIBOR reset date would otherwise be a day that is not a business day, that LIBOR reset date will be postponed to the next succeeding business day, except if that business day falls in the next succeeding calendar month, the LIBOR reset date will be the immediately preceding business day.

The trustee will determine 3-month LIBOR on the second London banking day preceding the related LIBOR reset date, which we refer to as the LIBOR determination date.

3-month LIBOR means:

(a) the rate for the three-month deposits in United States dollars commencing on the related LIBOR reset date, that appears on the Moneyline Telerate Page 3750 as of 11:00 A.M., London time, on the LIBOR determination date; or

(b) if no rate appears on the particular LIBOR determination date on the Moneyline Telerate Page 3750, the rate calculated by the trustee as the arithmetic mean of at least two offered quotations obtained by the trustee after requesting the principal London offices of each of four major reference banks in the London interbank market to provide the trustee with its offered quotation for deposits in United States dollars for the period of three months, commencing on the related LIBOR reset date, to prime banks in the London interbank market at approximately 11:00 A.M., London time, on that LIBOR determination date and in a principal amount that is representative for a single transaction in United States dollars in that market at that time; or

(c) if fewer than two offered quotations referred to in clause (b) are provided as requested, the rate calculated by the trustee as the arithmetic mean of the rates quoted at approximately 11:00 A.M., New York time, on the particular LIBOR determination date by three major banks in The City of New York selected by the trustee for loans in United States dollars to leading European banks for a period of three months and in principal amount that is representative for a single transaction in United States dollars in that market at that time; or

(d) if the banks so selected by the trustee are not quoting as mentioned in clause (c), 3-month LIBOR in effect on the preceding LIBOR determination date.

Moneyline Telerate Page 3750 means the display on Moneyline Telerate (or any successor service) on such page (or any other page as may replace such page on such service) for the purpose of displaying the London interbank rates of major banks for United States dollars.

London banking day means a day on which commercial banks are open for business, including dealings in United States dollars, in London.

Maturity

The convertible notes will mature on May 17, 2012 and will be paid against presentation and surrender thereof at the corporate trust office of the trustee unless (1) repurchased by us at a holder s option at certain times as described under Repurchase at Option of Holders Upon a Fundamental Change below or (2) converted at a holder s option as permitted under Conversion Rights below. The convertible notes will not be entitled to the benefits of, or be subject to, any sinking fund.

Repurchase at Option of Holders Upon a Fundamental Change

If a fundamental change, as described below, occurs at any time prior to maturity, holders of convertible notes may require us to repurchase their convertible notes in whole or in part for cash equal to 100% of the principal amount of the convertible notes to be repurchased plus unpaid interest, if any, accrued to, but excluding, the repurchase date; provided, however, that if a fundamental change purchase date falls after a record date for the payment of interest and on or prior to the corresponding interest payment date, we will then pay the full amount of accrued and unpaid interest, if any, on such interest payment date to the holder of record at the close of business on the corresponding record date and the repurchase price will be 100% of the principal amount of the convertible notes.

Within 5 days after the occurrence of a fundamental change, we are obligated to give to the holders of the convertible notes notice of the fundamental change and of the repurchase right arising as a result of the fundamental change and the fundamental change purchase date (which may be no earlier than 15 days and no later than 35 days after the date of such notice). We must also deliver a copy of this notice to the trustee. We will also disseminate a press release through Dow Jones & Company, Inc. or Bloomberg Business News announcing the occurrence of the fundamental change or publish that information in The Wall Street Journal or another newspaper of general circulation in The City of New York or on our Internet website, or through such other public medium as we deem appropriate at that time.

Table of Contents

To exercise its repurchase right, a holder of convertible notes must deliver to the trustee prior to the close of business on the business day prior to the fundamental change purchase date (i) written notice of such holder s exercise of its repurchase right and (ii) if the convertible notes are in certificated form, the convertible notes with respect to which the repurchase right is being exercised.

A holder s notice electing to require us to repurchase convertible notes must specify:

- if such convertible notes are in certificated form, the certificate number(s), or, if such convertible notes are in book-entry form, that such notice complies with appropriate procedures of The Depository Trust Company, referred to herein as DTC ;

- the portion of the principal amount of convertible notes to be repurchased, in integral multiples of $1,000; provided that the remaining principal amount of convertible notes is in an authorized denomination; and

- that the convertible notes are to be repurchased by us pursuant to the applicable provisions of the convertible notes.

Holders may withdraw any repurchase notice by a written notice of withdrawal delivered to the paying agent prior to the close of business on the business day prior to the fundamental change purchase date. If a holder of convertible notes delivers a repurchase notice, it may not thereafter surrender such convertible notes for conversion unless such repurchase notice is withdrawn as permitted below. The notice of withdrawal must specify:

- the principal amount of convertible notes in respect of which the repurchase notice is being withdrawn;

- the certificate number(s) of all withdrawn convertible notes in certificated form or that the withdrawal notice complies with appropriate DTC procedures with respect to all withdrawn convertible notes in book-entry form; and

- the principal amount of convertible notes, if any, that remains subject to the repurchase notice.

If the convertible notes are in book-entry form, the above notices must comply with all applicable DTC procedures.

Holders electing to require us to repurchase convertible notes must either effect book-entry transfer of convertible notes in book-entry form in compliance with appropriate DTC procedures or deliver the convertible notes in certificated form, together with necessary endorsements, to the paying agent prior to the close of business on the second business day prior to the fundamental change purchase date to receive payment of the repurchase price on the fundamental change purchase date. We will pay the repurchase price on the later of the fundamental change purchase date or the time of delivery of such convertible note.

If the paying agent holds funds sufficient to pay the repurchase price of the convertible notes on the fundamental change purchase date, then on and after such date:

- such convertible notes will cease to be outstanding;

- interest on such convertible notes will cease to accrue; and

- all rights of holders of such convertible notes will terminate except the right to receive the repurchase price.

Such will be the case whether or not book-entry transfer of the convertible notes in book-entry form is made and whether or not convertible notes in certificated form, together with the necessary endorsements, are delivered to the paying agent.

A fundamental change will be deemed to have occurred at the time that either of the following occurs:

any transaction or event (whether by means of a share exchange or tender offer applicable to our common stock, a liquidation, consolidation, recapitalization, reclassification, combination or merger of us or a sale, lease or other transfer of all or substantially all of our consolidated assets) or a series of related transactions or events pursuant to which 50% or more of our outstanding common stock is exchanged for, converted into or constitutes solely the right to receive cash, securities or other property, more than 10% of which consists of cash, securities or other property that is not, or will not be upon consummation of such transaction, listed on a national securities exchange (a cash merger); or

our common stock ceases to be listed on a United States national or regional securities exchange for 30 consecutive trading days.

The definition of cash merger includes a phrase relating to the sale, lease or other transfer of all or substantially all of our consolidated assets. There is no precise, established definition of the phrase substantially all under applicable law. Accordingly, the ability of a holder of convertible notes to require us to repurchase its convertible notes as a result of the sale, lease or other transfer of less than all of our consolidated assets may be uncertain.

No convertible notes may be repurchased by us at the option of the holders thereof if the principal amount of the convertible notes has been accelerated, and such acceleration has not been rescinded or cured on or prior to such date. In addition, we may also be unable to repurchase the convertible notes in accordance with their terms.

To the extent legally required in connection with a repurchase of convertible notes, we will comply with the provisions of Rule 13e-4 and other tender offer rules under the Exchange Act then applicable, if any, and will file a Schedule TO or any other required schedule under the Exchange Act.

Redemption Rights

We will not have the right to redeem the convertible notes.

No Shareholder Rights for Holders of Convertible Notes

Unless and until converted for shares of our common stock, if any, holders of convertible notes, as such, will not have any rights as shareholders of Stanley Black & Decker, Inc. (including, without limitation, voting rights and rights to receive any dividends or other distributions on our common stock).

Conversion Rights

Subject to the conditions described below, holders of convertible notes may convert their convertible notes for cash and, if applicable, shares of our common stock at a conversion rate of 15.5121 shares of our common stock per $1,000 principal amount of convertible notes, subject to adjustment as provided herein (equivalent to a conversion price of approximately $64.47 per share of our common stock); *provided, however*, that if a holder has already delivered a repurchase notice in connection with the occurrence of a fundamental change with respect to a convertible note, the holder may not surrender that convertible note for conversion until the holder has withdrawn the notice in accordance with the terms of the convertible note and the indenture. The amount of cash and, if applicable, shares of our common stock holders will receive upon conversion will be equal to the sum of the note daily settlement amounts (as defined under Conversion Settlement) for each of the 20 trading days during the note observation period (as defined under Conversion Settlement). The conversion rate and the equivalent conversion price in effect at any given time are referred to in this prospectus supplement as the applicable conversion rate and the applicable conversion price, respectively, and are subject to adjustment as described below.

Table of Contents

Upon a conversion of a convertible note, a holder will not receive any cash payment of interest, except as described below, and we will not adjust the conversion rate to account for accrued and unpaid interest. Our delivery to the holder of cash and our common stock, if any, will be deemed to satisfy all of our obligations with respect to convertible notes tendered for conversion. Accordingly, upon a conversion of convertible notes, any accrued but unpaid interest will be deemed to be paid in full, rather than cancelled, extinguished or forfeited.

Holders of convertible notes at the close of business on a record date for an interest payment will receive payment of interest payable on the corresponding interest payment date notwithstanding the conversion of such convertible notes at any time after the close of business on the applicable regular record date. Convertible notes tendered for conversion by a holder after the close of business on any record date for an interest payment and on or prior to the corresponding interest payment date must be accompanied by payment of an amount equal to the interest that the holder is to receive on the convertible notes; *provided, however*, that no such payment need be made (1) if we have specified a fundamental change purchase date that is after such record date and on or prior to the business day immediately succeeding such interest payment date, (2) with respect to any conversion on or following the record date immediately preceding the maturity date, or (3) with respect to overdue interest, if any overdue interest exists at the time of conversion with respect to such convertible notes.

If a holder converts convertible notes and we are required to deliver our common stock, we will pay any documentary, stamp or similar issue or transfer tax due on the issue of our common stock upon the conversion, if any, unless the tax is due because the holder requests our common stock to be issued or delivered to a person other than the holder, in which case the holder will pay that tax prior to receipt of such common stock.

To convert a convertible note held in book-entry form, a holder must convert by book-entry transfer to the conversion agent through the facilities of DTC and the conversion notice must comply with all applicable DTC procedures. To convert a convertible note held in certificated form, a holder must:

- complete and manually sign a conversion notice, a form of which is on the back of the convertible note, and deliver the conversion notice to the conversion agent;
- surrender the convertible note to the conversion agent;
- if required by the conversion agent, furnish appropriate endorsement and transfer documents; and
- pay all required transfer or similar taxes.

The date you comply with these requirements is the conversion date under the indenture.

Holders may also obtain copies of the required form of the conversion notice from the conversion agent. A certificate, or a book-entry transfer through DTC, for the number of shares of our common stock, if any, for which any convertible notes are converted, together with a cash payment for any fractional shares, will be delivered through the conversion agent as soon as practicable, but no later than the third business day following the last trading day of the applicable observation period. The trustee will initially act as the conversion agent.

If a holder has already delivered a repurchase notice as described under Repurchase at Option of Holders Upon a Fundamental Change, with respect to a convertible note, that holder may not tender that convertible note for conversion until the holder has properly withdrawn the repurchase notice.

Make Whole Amount Upon a Cash Merger

If a cash merger occurs (as described under Repurchase at Option of Holders Upon a Fundamental Change) and a holder elects to convert its convertible notes in connection with such transaction, as described below

Table of Contents

under Conversion Rights Conversion Upon Specified Transaction, we will increase the applicable conversion rate for the convertible notes surrendered for conversion by a number of additional shares of our common stock (the additional cash merger shares), as described below. A conversion of convertible notes will be deemed for these purposes to be in connection with such a fundamental change if the notice of conversion of the convertible notes is received by the conversion agent from and after the effective date of the fundamental change until the second business day immediately preceding the fundamental change purchase date corresponding to such cash merger, as described below under Conversion Upon Specified Transactions.

The number of additional cash merger shares will be determined by reference to the table below and is based on the effective date of the cash merger, which we refer to as the effective date, and the price paid for our common stock in connection with such cash merger, which we refer to as the stock price.

The stock prices set forth in the first row of the table (i.e., the column headers) will be adjusted as of any date on which the conversion rate of the convertible notes is adjusted. The adjusted stock prices will equal the stock prices applicable immediately prior to such adjustment multiplied by a fraction, the numerator of which is the conversion rate immediately prior to the adjustment giving rise to the stock price adjustment and the denominator of which is the conversion rate as so adjusted. In addition, the number of additional cash merger shares will be subject to adjustment in the same manner as the conversion rate as set forth under Conversion Rate Adjustments.

The following table sets forth the stock price and number of additional cash merger shares to be added to the applicable conversion rate per $1,000 principal amount of convertible notes as of the date of this prospectus supplement:

	Stock Price											
Effective Date	**$54.17**	**$57.21**	**$62.18**	**$67.16**	**$72.13**	**$77.11**	**$82.08**	**$87.05**	**$92.03**	**$97.00**	**$101.98**	**$106.95**
May 17, 2010	2.9473	2.5317	1.7810	1.2434	0.8613	0.5913	0.4016	0.2693	0.1776	0.1145	0.0717	0.0431
May 17, 2011	2.9473	2.3480	1.5155	0.9512	0.5805	0.3437	0.1967	0.1078	0.0559	0.0268	0.0117	0.0044
May 17, 2012	2.9473	1.9681	0.5697	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000

The exact stock prices and effective dates may not be set forth in the table, in which case:

(1) if the stock price is between two stock price amounts in the table or the effective date is between two dates in the table, the additional cash merger shares will be determined by straight-line interpolation between the number of additional cash merger shares set forth for the higher and lower stock price amounts and the two dates, as applicable, based on a 365-day year;

(2) if the stock price is in excess of $106.95 per share of our common stock (subject to adjustment), no additional cash merger shares will be added to the applicable conversion rate; and

(3) if the stock price is less than $54.17 per share of our common stock (subject to adjustment), no additional cash merger shares will be added to the applicable conversion rate.

Notwithstanding the foregoing, in no event will the total number of shares of our common stock issuable upon conversion exceed 18.4594 per $1,000 principal amount of convertible notes, subject to adjustment as described in Conversion Rate Adjustments.

See Risk Factors The make whole premium on convertible notes converted in connection with a cash merger may not adequately compensate holders for the lost option time value of their convertible notes as a result of any such cash merger.

Table of Contents

Conversion Upon Specified Transactions

If we elect to:

- distribute to all holders of our common stock any rights, warrants or options entitling them for a period of not more than 45 days after the date of issuance thereof to subscribe for or purchase our common stock, in any case at an exercise price per share of our common stock less than the closing price of our common stock on the business day immediately preceding the time of announcement of such issuance; or

- distribute to all holders of our common stock assets, debt securities or certain rights to purchase our securities of us, which distribution has a per share value exceeding 5% of the average of the closing prices of our common stock for the five consecutive trading days ending on the date immediately preceding the declaration date of such distribution,

we must notify the holders of convertible notes at least 25 scheduled trading days prior to the ex-dividend date for such a distribution. Once we have given that notice, holders may surrender their convertible notes for conversion at any time until the earlier of the close of business on the business day prior to the ex-dividend date or an announcement that such distribution will not take place. The ex-dividend date is the first date upon which a sale of our common stock does not automatically transfer the right to receive the relevant distribution from the seller of our common stock to its buyer.

No adjustment to the ability of the holders to convert will be made if the holders of convertible notes, as a result of holding the convertible notes, are entitled to participate at the same time as common stock holders participate in such transaction as if such holders of the convertible notes held a number shares of our common stock equal to the conversion rate, *multiplied by* the principal amount of convertible notes held by such holder, without having to convert their convertible notes.

In addition, upon a fundamental change, a holder may surrender its convertible notes for conversion at any time from and including the effective date of the fundamental change up to and including the second business day immediately prior to the related repurchase date. We will notify holders as promptly as reasonably practicable following the date we publicly announce such event. If the fundamental change is a cash merger, we will adjust the conversion rate for convertible notes tendered for conversion in connection with the transaction, as described above under Make Whole Amount Upon a Cash Merger.

Conversion During Specified Period

A holder of convertible notes may surrender its convertible notes for conversion on and after the twenty-second scheduled trading day immediately preceding the maturity date until the close of business on the business day immediately preceding the maturity date for the convertible notes.

Conversion Settlement

Upon a conversion of convertible notes, we will deliver to holders in respect of each $1,000 principal amount of convertible notes being converted, cash, shares of our common stock, or a combination thereof, as described below. Upon surrender of convertible notes for conversion, we will pay, no later than the third trading day following the last trading day of the related note observation period described below, per $1,000 principal amount being converted, a note settlement amount that is equal to the sum of the note daily settlement amounts for each of the 20 trading days during the note observation period, as described below.

The note daily settlement amount, for each of the 20 trading days during the note observation period, will consist of:

- cash equal to the lesser of (i) $50 and (ii) the daily conversion value on such trading day, as described below; and to the extent the daily conversion value on such trading day exceeds $50, a number of shares (which we call the note daily share amount), subject to our right to pay cash in lieu of all or a portion of such shares, as described below, equal to (i) the difference between the daily conversion value on such trading day and $50, *divided by* (ii) the daily VWAP of our common stock for such trading day.

By the close of business on the business day prior to the first scheduled trading day of the applicable note observation period, we may specify a percentage of the note daily share amount that will be settled in cash (which we call the cash percentage) and we will notify you of such cash percentage by notifying the trustee (which notice we refer to as the cash percentage notice). With respect to any convertible notes that are converted on or after the 22nd scheduled trading day immediately preceding the maturity date, the cash percentage that we specify for the corresponding note observation period will apply to all such conversions. If we elect to specify a cash percentage, the amount of cash that we will deliver in lieu of all or the applicable portion of the note daily share amount in respect of each trading day in the applicable note observation period will equal:

the cash percentage, *multiplied by*

the note daily share amount for such trading day (assuming we had not specified a cash percentage), *multiplied by*

the daily VWAP of our common stock for such trading day.

The number of shares deliverable in respect of each business day in the applicable note observation period will be a percentage of the note daily share amount (assuming we had not specified a cash percentage) equal to 100% *minus* the cash percentage. If we do not specify a cash percentage, we must settle 100% of the note daily share amount for each trading day in such observation period with shares of our common stock; *provided, however*, that we will pay cash in lieu of fractional shares as described below. We may, at our option, revoke any cash percentage notice by notifying the trustee; *provided* that we must revoke such notice by the close of business on the business day prior to the first scheduled trading day of the applicable note observation period.

We will deliver cash in lieu of any fractional shares of common stock based on the closing price on the last trading day of the note observation period.

Daily conversion value means, for each of the 20 consecutive trading days during the note observation period, one-twentieth of the product of (i) the applicable conversion rate and (ii) the daily VWAP of our common stock on such day.

Daily VWAP for our common stock means, for each of the 20 consecutive trading days during the observation period or note observation period, as the case may be, the per share volume-weighted average price as displayed under the heading Bloomberg VWAP on Bloomberg (or any successor service) page SWK.N <Equity> AQR in respect of the period from the scheduled opening of trading on the New York Stock Exchange or, if not then listed on the New York Stock Exchange, on such other primary market or exchange on which our common stock then trades to the scheduled close of trading on such trading day (or if such volume-weighted average price is unavailable, the market value of one share of our common stock on such trading day as determined by our board of directors in good faith using a volume-weighted method or by a nationally recognized independent investment banking firm retained for this purpose by us).

Note observation period with respect to any convertible note means the 20 consecutive trading day period beginning on and including the second trading day after the conversion date relating to such convertible note, except that with respect to any convertible note surrendered for conversion during the period beginning on the 22nd scheduled trading prior the maturity date and ending on the business day prior to the maturity date, the note observation period means the first 20 trading days beginning on and including the 22nd scheduled trading day prior to such stated maturity date.

Table of Contents

We will deliver the settlement amount to converting holders no later than the third business day immediately following the last trading day of the note observation period.

Recapitalizations, Reclassifications and Changes of Our Common Stock

If we are a party to a consolidation, merger, binding share exchange, reclassification or sale or conveyance of all or substantially all of our properties and assets, in each case pursuant to which all of the shares of our common stock are exchanged for cash, securities or other property, then at the effective time of such transaction, each note daily settlement amount and each daily conversion value will be calculated based on the kind and amount of cash, securities or other property that a holder of such a number of shares of our common stock equal to the conversion rate would have received in such transaction. For purposes of the foregoing, where a consolidation, merger or binding share exchange involves a transaction that causes shares of our common stock to be exchanged into the right to receive more than a single type of consideration based upon any form of shareholder election, such consideration will be deemed to be the weighted average of the types and amounts of consideration received by the holders of our common stock that affirmatively make such an election.

Conversion Rate Adjustments

The applicable conversion rate shall be adjusted from time to time as follows:

(1) If we issue common stock as a dividend or distribution on our common stock to all or substantially all holders of our common stock, or if we effect a share split or share combination, the conversion rate will be adjusted based on the following formula:

$$CR_1 = CR_0 \times \frac{OS_1}{OS_0}$$

where:

CR_0 = the conversion rate in effect immediately prior to the ex-dividend date for such dividend or distribution, or the effective date of such share split or share combination;

CR_1 = the new conversion rate in effect immediately on and after the ex-dividend date for such dividend or distribution, or the effective date of such share split or share combination;

OS_0 = the number of shares of our common stock outstanding immediately prior to such dividend or distribution, or the effective date of such share split or share combination; and

OS_1 = the number of shares of our common stock outstanding immediately after such dividend or distribution, or the effective date of such share split or share combination.

Any adjustment made pursuant to this paragraph (1) shall become effective as of the open of business on (x) the ex-dividend date for such dividend or other distribution or (y) the date on which such split or combination becomes effective, as applicable. If any dividend or distribution described in this paragraph (1) is declared but not so paid or made, the new conversion rate shall be readjusted to the conversion rate that would then be in effect if such dividend or distribution had not been declared.

Table of Contents

(2) If we distribute to all holders of our common stock any rights, warrants or options entitling them for a period of not more than 45 days after the date of distribution thereof to subscribe for or purchase our common stock, in any case at an exercise price per share of our common stock less than the closing price of our common stock on the business day immediately preceding the time of announcement of such issuance, the conversion rate will be increased based on the following formula:

$$CR_1 = CR_0 \times \frac{(OS_0 + X)}{(OS_0 + Y)}$$

where:

CR_0 = the conversion rate in effect immediately prior to the ex-dividend date for such distribution;

CR_1 = the new conversion rate in effect immediately on and after the ex-dividend date for such distribution;

OS_0 = the number of shares of our common stock outstanding immediately prior to the ex-dividend date for such distribution;

X = the aggregate number of shares of our common stock issuable pursuant to such rights, warrants or options; and

Y = the number of shares of our common stock equal to the quotient of (A) the aggregate price payable to exercise all such rights, warrants or options and (B) the average of the closing prices of our common stock for the 10 consecutive trading days ending on the business day immediately preceding the date of announcement for the issuance of such rights, warrants or options.

For purposes of this paragraph (2), in determining whether any rights, warrants or options entitle the holders to subscribe for or purchase our common stock at less than the applicable closing price of our common stock, and in determining the aggregate exercise or conversion price payable for such common stock, there shall be taken into account any consideration received by us for such rights, warrants or options and any amount payable on exercise or conversion thereof, with the value of such consideration, if other than cash, to be determined by us. If any right, warrant or option described in this paragraph (2) is not exercised or converted prior to the expiration of the exercisability or convertibility thereof, the new conversion rate shall be readjusted to the conversion rate that would then be in effect if such right, warrant or option had not been so issued.

(3) If we distribute shares of capital stock, evidences of indebtedness or other assets or property of us to all holders of our common stock, excluding:

(A) dividends, distributions, rights, warrants or options referred to in paragraph (1) or (2) above;

(B) dividends or distributions paid exclusively in cash; and

Table of Contents

(C) spin-offs described below in this paragraph (3),
then the conversion rate will be increased based on the following formula:

$$CR_1 = CR_0 \times \frac{SP_0}{(SP_0 \quad FMV)}$$

where:

CR_0 = the conversion rate in effect immediately prior to the ex-dividend date for such distribution;

CR_1 = the new conversion rate in effect immediately on and after the ex-dividend date for such distribution;

SP_0 = the closing price of our common stock on the trading day immediately preceding the ex-dividend date for such distribution; and

FMV = the fair market value (as determined in good faith by us) of the shares of capital stock, evidences of indebtedness, assets or property distributed with respect to each outstanding share of our common stock on the earlier of the record date and the ex-dividend date for such distribution.

An adjustment to the conversion rate made pursuant to the immediately preceding paragraph shall become effective as of the open of business on the ex-dividend date for such distribution.

If we distribute to all holders of our common stock capital stock of any class or series, or similar equity interest, of or relating to a subsidiary or other business unit (which we refer to as a spin-off), the conversion rate in effect immediately following the 10th trading day immediately following, and including, the effective date of the spin-off will be increased based on the following formula:

$$CR_1 = CR_0 \times \frac{(FMV_0 + MP_0)}{MP_0}$$

where:

CR_0 = the conversion rate in effect on the 10th trading day immediately following, and including the effective date of the spin-off;

CR_1 = the new conversion rate immediately after the 10th trading day immediately following (and including) the effective date of the spin-off;

FMV_0 = the average of the closing prices of the capital stock or similar equity interest distributed to holders of our common stock applicable to one share of our common stock over the first 10 consecutive trading days after (and including) the effective date of the spin-off; and

Table of Contents

MP_0 = the average of the closing prices of our common stock over the first 10 consecutive trading days after (and including) the effective date of the spin-off.

An adjustment to the conversion rate made pursuant to the immediately preceding paragraph will occur at the close of business on the 10th trading day from and including the effective date of the spin-off; provided that in respect of any conversion within the 10 trading days following the effective date of any spin-off, references within this paragraph (3) to 10 trading days shall be deemed replaced with such lesser number of trading days as have elapsed between the effective date of such spin-off and the conversion date in determining the applicable conversion rate.

If any such dividend or distribution described in this paragraph (3) is declared but not paid or made, the new conversion rate shall be readjusted to be the conversion rate that would then be in effect if such dividend or distribution had not been declared.

(4A) If any regular, quarterly cash dividend or distribution made to all or substantially all holders of our common stock during any quarterly fiscal period does not equal $0.30 per share (the initial dividend threshold), the conversion rate will be adjusted based on the following formula:

$$CR_1 = CR_0 \times \frac{SP_0 \quad IDT}{SP_0 \quad C}$$

where,

CR_0 = the conversion rate in effect immediately prior to the ex-dividend date for such dividend or distribution;

CR_1 = the conversion rate in effect immediately after the ex-dividend date for such dividend or distribution;

SP_0 = the closing price of our common stock on the trading day immediately preceding the ex-dividend date for such dividend or distribution;

C = the amount in cash per share we distribute to holders of our common stock; and

IDT = the initial dividend threshold.

If the denominator of the foregoing fraction is less than $1.00 (including a negative amount) then in lieu of any adjustment under this clause (4A), we shall make adequate provision so that each holder of notes shall have the right to receive upon conversion, in addition to the shares of common stock issuable upon such conversion, the amount of cash such holder would have received had such holder converted such notes on the ex-dividend date for such cash dividend or distribution.

Table of Contents

The initial dividend threshold is subject to adjustment in a manner inversely proportional to adjustments to the conversion rate, provided that no adjustment will be made to the initial dividend threshold for any adjustment made to the conversion rate under this clause (4A).

(4B) If we pay any cash dividend or distribution that is not a regular, quarterly cash dividend or distribution to all or substantially all holders of our common stock, the conversion rate will be adjusted based on the following formula:

$$CR_1 = CR_0 \times \frac{SP_0}{SP_0 - C}$$

where:

CR_0 = the conversion rate in effect immediately prior to the ex-dividend date for such dividend or distribution;