StanleyBlack&Decker

WHAT MAKES US DIFFERENT

2015 ANNUAL REPORT

YEARINREVIEW.STANLEYBLACKANDDECKER.COM


DEWALT
HOW
WE
OPERATE


40V MAX / XR BRUSHLESS
HOW
WE
INNOVATE


HOW
WE
GROW


HOW
WE ARE
ECOSMART™

LETTER TO SHAREHOLDERS

In 2015, we made substantial progress against our long-term strategic and financial objectives, generating increasing value for shareholders, while continuing to position Stanley Black & Decker for a future of sustained high performance. The results achieved are a testament to the entire Stanley Black & Decker team's agility and passion to perform, as well as the enduring strength of our world-class franchises.

Highlights from the year included:

- Outperforming our peer group and the overall S&P 500, with SWK's share price up 11% for the year versus 5% for our peers and a drop of 1% for the S&P 500, reflecting a consistent pattern of delivering on or exceeding financial expectations throughout the year
- Achieving our highest ever earnings per share and operating margin rate, along with record operating margin rates in Tools & Storage and Engineered Fastening
- Accelerating organic growth to 6% year-over-year

Organic growth was once again a key driver of our results, with share gains across much of our portfolio. Our Tools & Storage and Engineered Fastening franchises led the way, with several Security businesses, most notably Europe, also contributing positive organic growth.

Our continued focus on cost control and proactive approach to managing price and mix resulted in margin expansion across our portfolio, despite the negative impact of approximately $220 million of foreign currency operating margin headwinds.

From a capital allocation perspective, we increased our annual dividend for the 48th consecutive year, executed our $1 billion share repurchase program, and achieved a 13% cash flow return on investment — an important measure of our asset efficiency and margins.

Looking ahead, we are confident that our opportunities for growth and value creation remain substantial. Leveraging our unique and proven SFS operating system, we are well positioned to build on our highly scalable, industry-leading Tools & Storage and Engineered Fastening platforms, while at the same time continuing the positive trajectory in Security.

VISIT THE 2015 YEAR IN REVIEW WEBSITE

Visit yearinreview.stanleyblackanddecker.com to view stories and pictures that bring exciting aspects of the Stanley Black & Decker story to life, to explore our financials, to review our sustainable practices, and to read about our businesses, our brands and our plans for growth.

2015 SUMMARY OF RESULTS

- **Total revenues were $11.2 billion, with organic growth of 6%**
- **Operating margin rate increased to 14.2%, a 90 basis point increase in the face of approximately $220 million of foreign currency headwinds**
- **Earnings per share increased 10% to a record $5.92**
- **Free cash flow totaled $871 million, enabling our 48th consecutive annual dividend increase**
- **Working capital turns were 9.2X, continuing our industry-leading performance**

2015 Business Highlights

- **Generated organic growth of 6%**. Tools & Storage organic growth was 8%, with above-market growth in all regions — North America (+11%), Europe (+7%) and Emerging Markets (+3%) — as share gains were powered by innovative new product introductions, expanded retail partnerships, e-commerce initiatives, commercial investments in developed markets, and the success of our mid-price point products in emerging markets. Engineered Fastening achieved 4% organic growth, led by its automotive business and within Security, Europe posted 3% organic growth — its best performance in years — while our North America mechanical locks business grew 4% organically

- **Improved the Company's operating margin rate** by 90 basis points over 2014 to 14.2%, overcoming significant foreign currency headwinds. Our focus on surgical price actions and cost control combined with commodity deflation allowed us to realize strong operating leverage in a challenging environment

- **Posted a second consecutive year of record operating margin rates in Tools & Storage and Engineered Fastening**. The Tools & Storage operating margin rate expanded 110 basis points to 16.4% and Engineered Fastening's rate ended in the high teens, up 180 basis points

- **Continued the successful release of mid-price point products across the emerging markets**. This initiative, now in its second year, helped deliver organic growth in the emerging markets, most notably in Latin America (+ 9%), in the face of difficult conditions in many of the markets we serve. During the year we launched 50 new power tool models and significantly expanded the volume of our STANLEY branded offerings within these markets

- **Improved the Security business**. The operating process enhancements and leadership changes we made in our Security Europe business generated improved operating results: 3% organic growth for the year with five consecutive quarters of flat or positive organic growth, year-over-year operating margin rate improvement each quarter with the rate approaching 10% in the fourth quarter, strong orders, a healthy backlog, and attrition well within our targeted range of 10%–12%. Within North America, our efforts to improve field efficiency and upgrade operational talent are taking hold, and we ended the year with an improving margin trend in our commercial electronic security business along with strong orders and a growing backlog. We also reinvigorated our mechanical lock business, which grew mid-single digit organically and improved its operating margin rate by over 300 basis points

The Evolution Of Stanley Black & Decker

Stanley Black & Decker has undergone a notable transformation over the last 15 years — evolving from a small cap building products company to a large cap diversified industrial. This transformation encompassed three distinct phases:

- A period of restructuring in the late 1990s through the early 2000s when we were primarily a tools and doors company, generated low growth and a low-teens operating margin rate, and when we began our move towards acquisitions to position the Company for growth
- The Security platform build between 2005 and 2010, a period when we initiated our now successful and pervasive operating system, SFS, and built the Security platform with over 50 acquisitions, creating a more balanced portfolio with a higher operating margin rate
- The post-Black & Decker merger era of 2010 through the present day, when we became the global leader in tools & storage, the number two player in both commercial electronic security and engineered fastening solutions and achieved annual average organic growth closer to 5% with a mid-teens operating margin rate

Over this 15-year period, we have grown our revenues from $2 billion+ to over $11 billion, market capitalization from $2.7 billion to $16.4 billion, and employees from 15,500 to more than 50,000 while generating total shareholder returns exceeding 400%, far surpassing the S&P 500 (+108%) and many elite industrial companies. Measured against our peers, we've produced top quartile sales growth over the last five years, with EBITDA growth well above average during that time, while over the last 10 years our free cash flow conversion ranks near the top. The Stanley Black & Decker of today is a fundamentally different and stronger organization than the Company of the past.

We believe the success of our transformation is a result of our ability to incorporate many of the best attributes of high performing industrial companies, including:

- A world-class operating system and high performance culture
- Strong organic and acquisitive growth
- A focus on consistently improving margins
- Strong free cash flow conversion
- A balanced approach to capital allocation
- Active portfolio management
- A track record of delivering on expectations

While we stack up well in many of these areas, we have set the bar high and believe opportunities remain to continue to improve in several respects, including increasing operating margins, expanding the reach of our SFS operating system beyond its traditional roots to generate growth and margin expansion, and continuing to enhance the portfolio. We are actively addressing each of these opportunities through further reducing our SG&A via Functional Transformation, generating meaningful operating leverage and improving Security's margins, refreshing our core operating system with the launch of SFS 2.0, and actively managing our portfolio through strategic M&A.

15 YEARS OF PURPOSEFUL TRANSFORMATION — 2000 TO 2015

Revenues
$2B+ to $11B

Market Cap
$2.7B to $16.4B

Employees
15.5K to 50K+

Total Shareholder Return
>400%

EXECUTING ON OUR STRATEGIC FRAMEWORK

Continue Organic Growth Momentum

- Utilize SFS 2.0 as a Catalyst
- Mix into Higher Growth, Higher Margin Businesses
- Increase Relative Weighting of Emerging Markets — Goal of >20%

Be Selective and Operate in Markets Where:

- Brand Is Meaningful
- Value Proposition Is Definable and Sustainable Through Innovation
- Global Cost Leadership Is Achievable

Pursue Focused Acquisitive Growth

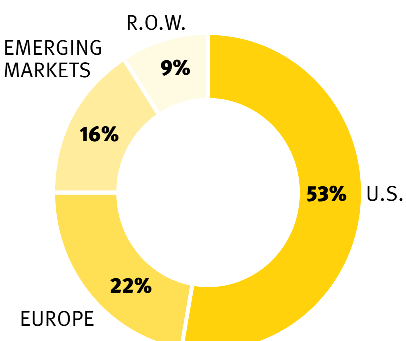
- Consolidate Tool Industry and Strengthen the Core
- Expand Industrial Platform — (Engineered Fastening / Infrastructure)

ORGANIC REVENUE GROWTH IN 2015

+6%

2015 GLOBAL PRESENCE

(% OF 2015 REVENUES)



A Powerful Portfolio

Each of our franchises share common attributes: they have world-class brands and attractive growth characteristics, they are scalable and defensible, and they differentiate through innovation.

- Our Tools & Storage business is the tool company to own with its iconic brands, robust innovation machine, global scale, and broad offering of power and hand tools and related products across many channels in both developed and developing markets
- Our Engineered Fastening business is a highly profitable, GDP+ growth business offering high value-added innovative solutions with recurring revenue attributes and global scale
- Our commercial electronic security franchise, with its value-added vertical market offerings and attractive recurring revenue, presents a significant margin accretion opportunity over the longer term. The Security business, which has historically provided a stable revenue stream through economic cycles, is a gateway into the digital world and an avenue to capitalize on rapid digital changes

As we communicated at our May 2015 Investor Day, we intend to provide further information on the state of our Security franchise and its fit within our portfolio in the second half of this year. We are encouraged by Security's recent favorable performance trends of improving operating margins, increasing order rates and stabilizing attrition at targeted levels. Operational enhancements are beginning to take hold across the segment and talent upgrades in many portions of the business are starting to pay dividends in terms of results and building a high performance culture.

M&A Opportunities

Over the last 15 years, we have invested significant capital into highly strategic M&A. Over the next few years, we expect to deploy approximately 50% of our excess capital to acquisitions, with a focus on further strengthening our leading Tools & Storage franchise and pursuing industrial transactions in Engineered Fastening and other areas. While further consolidation of the electronic security sector remains a potential long-term strategy for that business, our appetite for that will be based on our determination of the future fit of Security within our portfolio.

SFS 2.0

In 2015, we launched SFS 2.0, the next generation of the Stanley Fulfillment System, creating a more powerful operating system to enable sustained above-market organic growth and margin expansion with high asset efficiency. The expanded SFS 2.0 will transform our Company by focusing our enterprise on the following five key pillars:

- **Core SFS**, which targets asset efficiency, remains fundamental to our operating system and despite the significant advances we have made in improving our working capital turns and free cash flow generation, opportunities still remain for further working capital improvements and supply chain efficiency to enhance our already strong performance. Core SFS now also incorporates digitization of the supply chain and 'smart factory' into its tool kit

- **Functional Transformation** takes a clean-sheet approach to redesigning our key support functions such as Finance, HR, IT and others, which although highly effective, after almost a hundred acquisitions are not as efficient as they could be, based on external benchmarks. This presents an opportunity to reduce SG&A as a percent of sales and becomes our funding mechanism for the growth-related elements of SFS 2.0, which in turn enables outsized organic growth and margin expansion
- **Digital Excellence** is a comprehensive initiative designed to leverage the power of digital technology and advanced analytics to challenge existing paradigms and improve our products, processes, business models and how our people operate. We are infusing new talent and capabilities into our organization and promoting the concepts of digital speed and leadership agility to keep our culture and enterprise fresh and relevant in this era of constantly accelerating change. Digital, including social, mobile, Internet of Things and big data, touches all aspects of our business and feeds into and supports the other elements of SFS 2.0 and ultimately contributes to growth, margin expansion and asset efficiency

OUR LONG-TERM FINANCIAL GOALS

Revenue Growth

~10%–12% Total
4%–6% Organic

Financial Performance

10%–12% EPS Growth*
FCF ≥ Net Income
CFROI in 14%–15% Range

Dividend

Continued Growth

Credit Rating

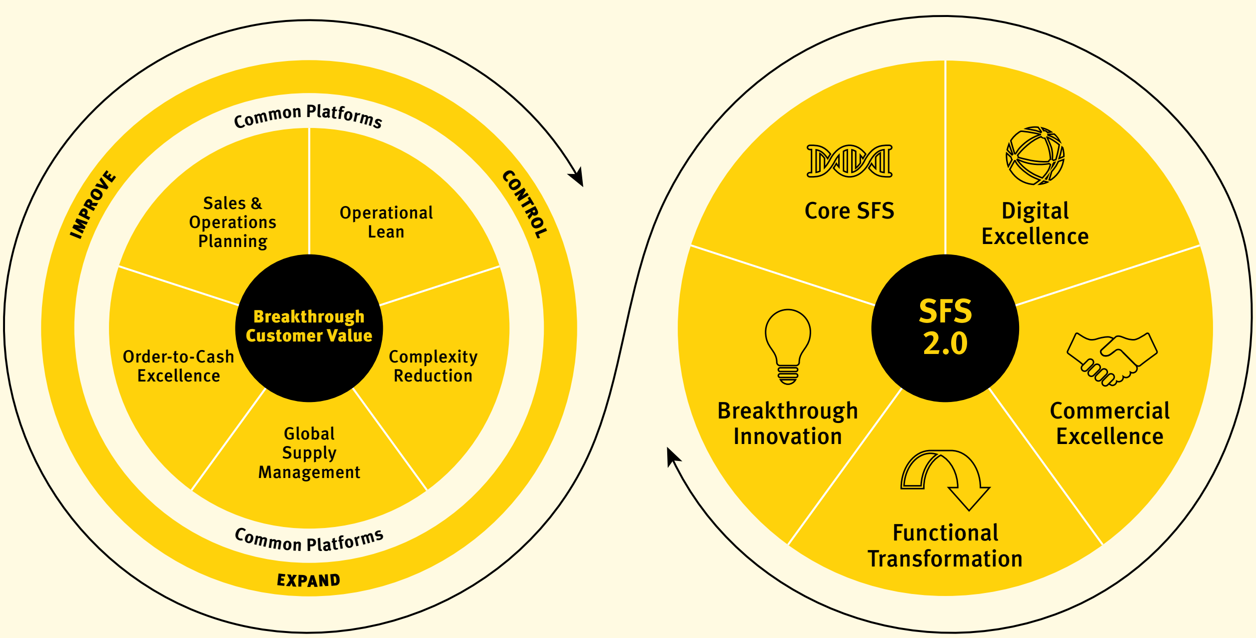
Strong Investment Grade

* Including acquisitions

SFS 2.0 — BEST-IN-CLASS OPERATING SYSTEM GETTING BETTER

SFS 2.0 was launched in 2015 and we are already seeing its impact in our 2015 results — driving organic growth, margin improvement and new levels of innovation and digitization across our enterprise. The momentum continues to build.

Visit yearinreview.stanleyblackanddecker.com/how-we-operate to learn more.



JOHN F. LUNDGREN
Chairman &
Chief Executive Officer

JAMES M. LOREE
President &
Chief Operating Officer

- **Commercial Excellence** is about how we become more effective and efficient in our customer-facing processes resulting in continued share gains and margin expansion throughout our businesses. We view Commercial Excellence as world-class execution across seven areas: customer insights, core innovation and product management, pricing and promotion, brand and marketing, sales force deployment and effectiveness, channel programs, and the customer experience. We have applied these principles in several businesses and identified a significant correlation to both tactical market share and margin rate increases

- **Breakthrough Innovation** is aimed at developing a breakthrough innovation culture to identify and bring to market disruptive products and business models. Although we have a track record of excellent core innovation, opportunities exist to be even more radically innovative. Our focus is on coming up with the next major breakthrough in the industries we operate in, which when combined with our existing strong core innovation machine will also drive outsized share gains and margin expansion

These five pillars will serve as a powerful value driver in the years ahead, feeding our new product innovation machine, embracing outstanding commercial and supply chain excellence, embedding digital in every part of the Company, and funding it all with world-class functional efficiency. Taken together, they will directly support achievement of our long-term financial objectives and further enable our shareholder-friendly capital allocation approach, which has served us well in the past and will continue to do so in the future.

Summary

During 2015, we delivered strong financial results and shareholder returns despite operating in an environment that presented significant obstacles, high market volatility and an ever-increasing pace of change. Our vision for the next chapter of Stanley Black & Decker is to continue our quest to be a great industrial company, delivering top quartile growth and profitability and rewarding shareholders with sustained outperformance. As a global company with world-class franchises, strong market positions, and a culture of excellence, we are well positioned to continue to deliver on our ambitious goals. And despite powerful external forces at work today in this era of unprecedented dynamism, with our clear and compelling vision, we believe our 173-year-old Company is as resilient and vital as ever, well prepared to face and capitalize on these forces of change.

JOHN F. LUNDGREN
Chairman &
Chief Executive Officer

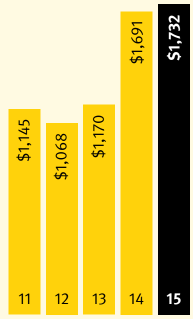
JAMES M. LOREE
President &
Chief Operating Officer

FINANCIAL HIGHLIGHTS**

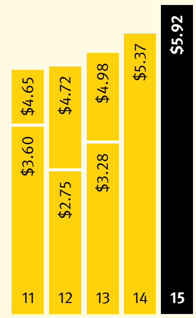
(MILLIONS OF DOLLARS, EXCEPT PER-SHARE AMOUNTS)	2015	2014	2013(1)	2012(1)	2011(1)
SWK					
Revenue	**$ 11,171.8**	$ 11,338.6	$ 10,889.5	$10,022.4	$ 9,332.3
Gross Margin—$	**$ 4,072.0**	$ 4,102.7	$ 3,933.2	$ 3,686.9	$ 3,461.3
Gross Margin—%	**36.4%**	36.2%	36.1%	36.8%	37.1%
Working Capital Turns	**9.2**	9.2	8.1	7.8	7.3
Free Cash Flow*	**$ 871**	$ 1,005	$ 528	$ 593	$ 706
Diluted EPS from Continuing Operations	**$ 5.92**	$ 5.37	$ 4.98	$ 4.72	$ 4.65
Tools & Storage					
Revenue	**$ 7,140.7**	$ 7,033.0	$ 6,705.0	$ 6,413.0	$ 6,213.3
Segment Profit—$	**$ 1,170.1**	$ 1,074.4	$ 969.6	$ 951.3	$ 850.1
Segment Profit—%	**16.4%**	15.3%	14.5%	14.8%	13.7%
Security					
Revenue	**$ 2,092.9**	$ 2,261.2	$ 2,295.9	$ 2,259.3	$ 1,813.1
Segment Profit—$	**$ 239.6**	$ 259.2	$ 273.0	$ 342.6	$ 307.4
Segment Profit—%	**11.4%**	11.5%	11.9%	15.2%	17.0%
Industrial					
Revenue	**$ 1,938.2**	$ 2,044.4	$ 1,888.6	$ 1,350.1	$ 1,305.9
Segment Profit—$	**$ 339.9**	$ 350.6	$ 300.3	$ 232.1	$ 223.2
Segment Profit—%	**17.5%**	17.1%	15.9%	17.2%	17.1%

(1) Excludes merger and acquisition-related charges, with the exception of Free Cash Flow.
* Free Cash Flow = Net cash provided by operating activities minus capital expenditures.
** In the first quarter of 2015, the Company combined the CDIY business with certain complementary elements of the IAR and Healthcare businesses (formerly part of the Industrial and Security segments, respectively) to form one Tools & Storage business. As a result of this change, the legacy CDIY segment was renamed Tools & Storage. The results from 2011–2014 were recast to align with this change in organizational structure. There is no impact to the consolidated financial statements of the Company as a result of this change.

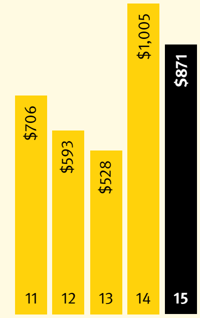
2015 SCORECARD



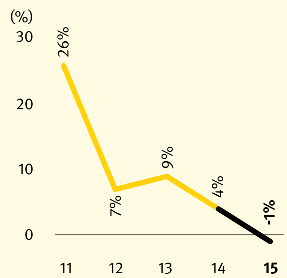
EBITDA
(Continuing Operations)[a]
($ MILLIONS)



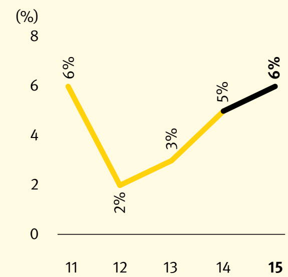
EPS
(Continuing Operations)[b]



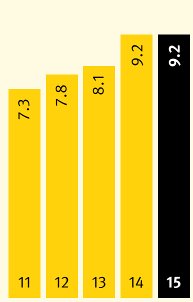
Free Cash Flow[c]
($ MILLIONS)



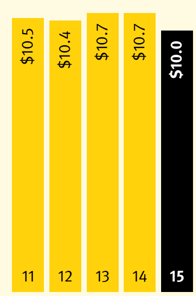
Total Sales Growth
LONG-TERM OBJECTIVE: +10–12%



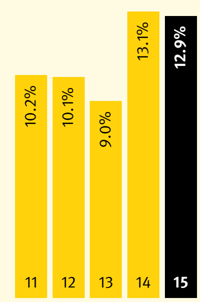
Organic Sales Growth
LONG-TERM OBJECTIVE: +4–6%



Working Capital Turns[d]



Average Capital Employed[e]
($ BILLIONS)



Cash Flow Return on Investment[f]

(a) "EBITDA" (earnings before interest, taxes, depreciation, and amortization) is a non-GAAP measurement. Management believes it is important for the ability to determine the earnings power of the Company.

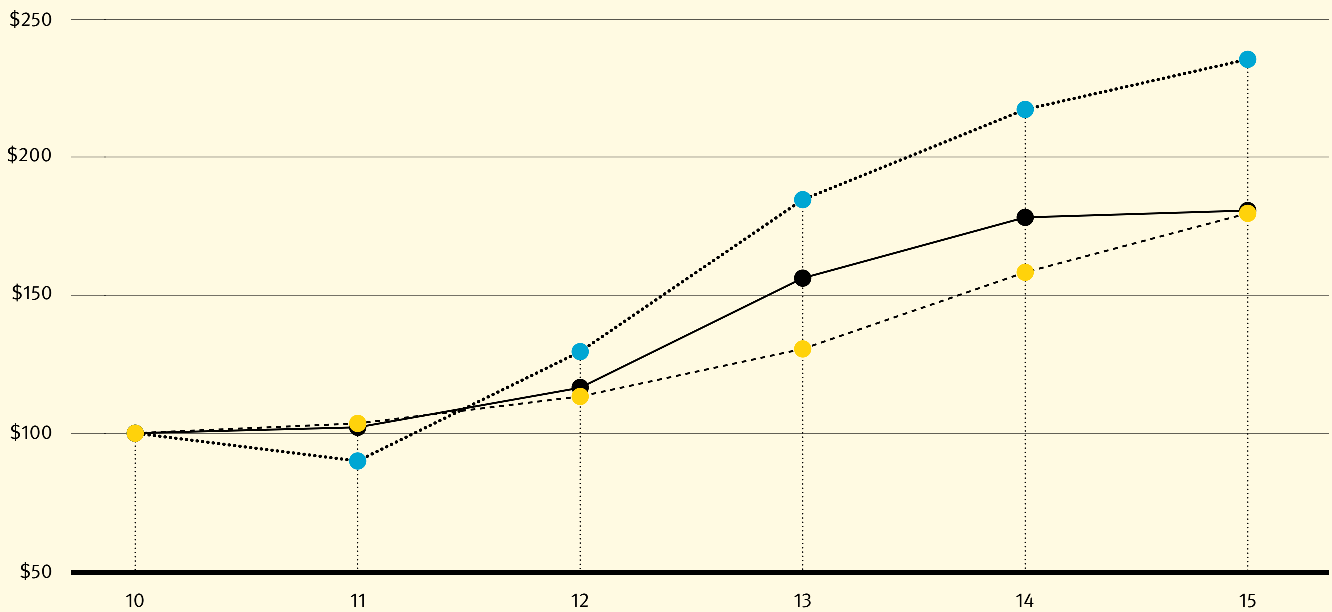
(b), (c), (d), (e) and (f) refer to the inside back cover.

(MILLIONS OF DOLLARS)	2015	2014	2013	2012	2011
Net earnings from continuing operations	**$ 904**	**$ 857**	**$ 520**	**$ 458**	**$ 612**
Interest income	(15)	(14)	(13)	(10)	(27)
Interest expense	180	177	160	144	140
Income taxes	249	227	69	76	54
Depreciation and amortization	414	444	434	400	366
EBITDA from continuing operations	**$ 1,732**	**$ 1,691**	**$ 1,170**	**$ 1,068**	**$ 1,145**

Comparison of 5-Year Cumulative Total Return Among Stanley Black & Decker, S&P 500 Index and Peer Group

Set forth below is a line graph comparing the yearly percentage change in the Company's cumulative total shareholder return for the last five years to that of the Standard & Poor's 500 Index (an index made up of 500 companies including Stanley Black & Decker) and the Peer Group. The Peer Group is a group of eight companies that serve the same markets the Company serves and many of which compete with one or more of the Company's product lines. Total return assumes reinvestment of dividends.

Comparison of 5-Year Cumulative Total Return (VALUE OF $100 INVESTMENT AT YEAR END)



THE POINTS IN THE ABOVE TABLE ARE AS FOLLOWS:	2010	2011	2012	2013	2014	2015
Stanley Black & Decker	**$ 100.00**	**$ 103.53**	**$ 113.30**	**$ 130.52**	**$ 158.29**	**$ 179.65**
S&P 500	100.00	102.11	116.46	156.17	178.19	180.67
Peer Group	100.00	89.91	129.54	184.61	217.30	235.46

Assumes $100 invested at the closing price on December 31, 2010, in the Company's common stock, S&P 500 Index and the Peer Group. The Peer Group consists of the following eight companies: Eaton Corporation plc, Danaher Corporation, Illinois Tool Works, Inc., Ingersoll-Rand Company, Masco Corporation, Newell Rubbermaid, Inc., Snap-On Incorporated and The Sherwin-Williams Company. Prior to 2013, the Company included Cooper Industries, Inc. in its Peer Group. Due to the acquisition of Cooper Industries, Inc. by Eaton Corporation in November 2012, the results of Eaton Corporation have been included in the Peer Group in place of Cooper Industries, Inc. for all years.

New York Stock Exchange Certification

ANNUAL CEO CERTIFICATION (SECTION 303A.12(A))

As the Chief Executive Officer of Stanley Black & Decker, and as required by Section 303A.12(a) of the New York Stock Exchange Listed Company Manual, I hereby certify that as of the date hereof I am not aware of any violation by the Company of NYSE's Corporate Governance listing standards, other than has been notified to the Exchange pursuant to Section 303A.12(b) and disclosed on Exhibit H to the Company's Domestic Company Section 303A Annual Written Affirmation.

John F. Lundgren
CHAIRMAN & CEO

May 14, 2015

The Company has filed the certifications required by Section 302 of the Sarbanes-Oxley Act of 2002 as Exhibits 31(i)(a) and 31(i)(b) to its Annual Report on Form 10-K filed with the Securities and Exchange Commission on February 19, 2016.

AT-A-GLANCE

OUR BUSINESS

#1
IN TOOLS AND STORAGE

#2
IN ENGINEERED FASTENING

#2
IN COMMERCIAL ELECTRONIC SECURITY

INDUSTRIAL $2.0B
- STANLEY Engineered Fastening
- Infrastructure

SECURITY $2.1B
- Commercial Electronic Security
- Mechanical Access

TOOLS & STORAGE $7.1B
- Power Tools & Accessories
- Hand Tools & Storage

PRODUCTS SOLD IN
212
COUNTRIES

500
THOUSAND PRODUCTS

#8
MOST PATENTS AWARDED

#18
OF THE 100 MOST SUSTAINABLE COMPANIES IN THE U.S.

TOOLS & STORAGE

The worldwide leader in tools and storage, we create the tools that build and maintain the world. Tradespeople and Do-It-Yourselfers alike rely on us every day for the toughest, strongest, most innovative hand tools, power tools and storage solutions in the market.

Leading Brands

STANLEY	Facom
DEWALT	MAC
BLACK+DECKER	Sidchrome
Porter Cable	Proto
BOSTITCH	CribMaster
Powers	Vidmar & Lista
GQ Tools	USAG

SECURITY

We deliver peace of mind with advanced electronic safety, security and monitoring solutions, innovative locks and automatic doors, and sophisticated patient safety, asset tracking and productivity solutions.

Leading Brands

SECURITY
- STANLEY Security
- Sonitrol
- Best Access Systems
- PACOM
- STANLEY Access Technologies

HEALTHCARE
- STANLEY Healthcare
- AeroScout
- InnerSpace
- Hugs
- Wander Guard

INDUSTRIAL

We build the solutions that keep your world running seamlessly—from preferred engineered fastening solutions in the automotive and electronics industries to infrastructure solutions including pipeline construction and hydraulic tools.

Leading Brands

INFRASTRUCTURE
- STANLEY Oil & Gas
- STANLEY LaBounty
- STANLEY Hydraulics
- STANLEY Dubuis

ENGINEERED FASTENING
- STANLEY Engineered Fastening

HOW WE ARE ECOSMART™

StanleyBlack&Decker | ECOSMART

Our commitment to a sustainable future.

SUSTAINABILITY IS OUR COMMITMENT

Our vision is to be a sustainable company by advancing global stewardship across the entire value chain through our people, our operations and our products. We call this ECOSMART,™ which is embedded in our business strategy through the application of SFS.

As part of our commitment to sustainability, and to elevate the strategic importance that ECOSMART™ brings to Stanley Black & Decker, we are sharing our safety and environmental performance results in addition to our financial performance. We have realigned our business strategy to ensure our actions improve our operations, our products, our communities, our employees and the protection of the environment, and are committed to continuing this process.

"We are committed to improving the sustainability of our operations, our products and our communities while helping our suppliers and our customers to do the same. We call this ECOSMART,™ and it means we are advancing global stewardship principles across our entire value chain."

John F. Lundgren, Chairman & CEO

OUR PRODUCTS

ECOSMART™ is integrating sustainable considerations into our product design process to assist in reducing the environmental impacts of our production processes and our products without compromising quality and value.

OUR PEOPLE

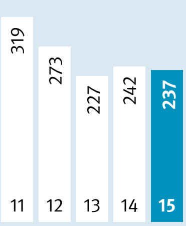
ECOSMART™ is instilling environmental and safety accountability in our people — while creating a paradigm shift in how we attract, develop and retain the next generation of talent.

OUR PLANET

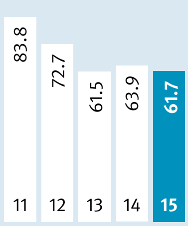
ECOSMART™ is identifying environmentally related strategies to ensure we stay ahead of climate-related influences and reduce the environmental impact of our operations.

2015 SCORECARD

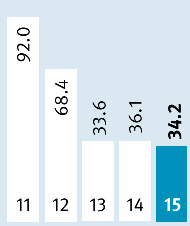
Environmental Intensities...



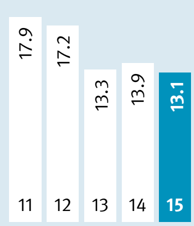
Energy
(KBTU / K$)



Carbon
(LBS /K$)

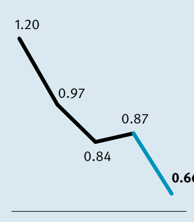


Water
(GAL / K$)

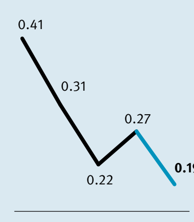


Waste
(LBS /K$)

Safety Injury/Illness Rates...



TRR
Incidents /
100 Employees



LTR
Incidents /
100 Employees

HOW WE ARE ECOSMART™:
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THE STANLEY BLACK & DECKER LEADERSHIP TEAM

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John F. Lundgren
Chairman & Chief Executive Officer,
Stanley Black & Decker, Inc.

Andrea J. Ayers
President & Chief Executive Officer,
Convergys Corporation

George W. Buckley
Chairman, Smiths Group plc;
Retired Executive Chairman, 3M Company

Patrick D. Campbell
Retired Senior Vice President &
Chief Financial Officer, 3M Company

Carlos M. Cardoso
Principal, CMPC
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Robert B. Coutts
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Electronic Systems,
Lockheed Martin Corporation

Debra A. Crew
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R.J. Reynolds Tobacco Company

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Retired Executive Vice President &
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International Paper Company

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Management Team

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Chairman & Chief Executive Officer

James M. Loree
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Donald Allan, Jr.
Senior Vice President &
Chief Financial Officer

Jon Michael Adinolfi
President, Hand Tools & Storage,
Global Tools & Storage

Jeffery D. Ansell
Senior Vice President & Group Executive,
Global Tools & Storage

Govind Arora
President, Latin America,
Global Emerging Markets

Aru Bala
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Michael A. Bartone
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Rhonda Gass
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Frank Mannarino
President, Power Tools,
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Pete Morris
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Lee B. McChesney
Chief Financial Officer & President,
Industrial Verticals,
Global Tools & Storage

Allison Nicolaidis
President, Consumer Products Group,
Global Tools & Storage

James P. O'Sullivan
President, Sales & Marketing,
Global Tools & Storage

Jaime A. Ramirez
Senior Vice President & President,
Global Emerging Markets

James Ray, Jr.
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Stanley Engineered Fastening

Ben S. Sihota
President, Emerging Markets Group

Steven J. Stafstrom
Vice President, Operations,
Global Tools & Storage and
Global Emerging Markets

Joseph R. Voelker
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Investor & Government Relations

John H. Wyatt
President, Stanley Engineered Fastening

Christine Yingli Yan
President, Asia,
Global Emerging Markets

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

ANNUAL REPORT
PURSUANT TO SECTIONS 13 OR 15(d)
OF THE SECURITIES EXCHANGE ACT OF 1934

☑ **ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the fiscal year ended January 2, 2016
OR

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from ___________ to ___________
COMMISSION FILE 1-5224

STANLEY BLACK & DECKER, INC.
(Exact Name Of Registrant As Specified In Its Charter)

Connecticut	06-0548860
(State Or Other Jurisdiction Of Incorporation Or Organization)	**(I.R.S. Employer Identification Number)**
1000 Stanley Drive New Britain, Connecticut	**06053**
(Address Of Principal Executive Offices)	**(Zip Code)**

860-225-5111
(Registrant's Telephone Number)
Securities Registered Pursuant To Section 12(b) Of The Act:

Title Of Each Class	Name Of Each Exchange On Which Registered
Common Stock-$2.50 Par Value per Share	New York Stock Exchange

Securities Registered Pursuant To Section 12(g) Of The Act:
None

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act of 1933.

Yes ☑ No ☐

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934.

Yes ☐ No ☑

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months and (2) has been subject to such filing requirements for the past 90 days.

Yes ☑ No ☐

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files).

Yes ☑ No ☐

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K.

☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer	☑	Accelerated filer	☐
Non-accelerated filer	☐ (Do not check if a smaller reporting company)	Smaller reporting company	☐

Indicate by check mark whether the registrant is a shell company (as defined in Exchange Act Rule 12b-2).

Yes ☐ No ☑

As of July 3, 2015, the aggregate market values of voting common equity held by non-affiliates of the registrant was $16.5 billion based on the New York Stock Exchange closing price for such shares on that date. On February 1, 2016, the registrant had 152,335,308 shares of common stock outstanding.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the registrant's definitive proxy statement to be filed pursuant to Regulation 14A within 120 days after the end of the registrant's fiscal year are incorporated by reference in Part III of the Annual Report on Form 10-K.

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FORM 10-K

PART I

ITEM 1. BUSINESS

General

Stanley Black & Decker, Inc. ("the Company") was founded in 1843 by Fredrick T. Stanley and incorporated in Connecticut in 1852. In March 2010, the Company completed a merger ("the Merger") with The Black & Decker Corporation (“Black & Decker”), a company founded by S. Duncan Black and Alonzo G. Decker and incorporated in Maryland in 1910. At that time, the Company changed its name from The Stanley Works ("Stanley") to Stanley Black & Decker, Inc. The Company is a diversified global provider of hand tools, power tools and related accessories, mechanical access solutions (i.e. automatic doors and commercial locking systems), electronic security and monitoring systems, healthcare solutions, engineered fastening systems and products and services for various industrial applications, with 2015 consolidated annual revenues of $11.2 billion. The Company is continuing to pursue a growth and acquisition strategy that involves industry, geographic and customer diversification to foster sustainable revenue, earnings and cash flow growth. The Company is focused on growing organically, including increasing its presence in emerging markets, with a goal of generating greater than 20% of annual revenues from those markets, and leveraging the Stanley Fulfillment System, a now expanded program focused on upgrading innovation and digital capabilities while maintaining commercial and supply chain excellence, and funding required investments through functional transformation. In regards to acquisitions in the near-term, the Company intends to pursue targets that consolidate the tool industry and expand the Industrial platform in Engineered Fastening and Infrastructure. The Company remains focused on improving the operating results of the Security business and plans to reevaluate its recovery progress and strategic fit by the second half of 2016. In 2015, approximately 53% of the Company’s annual revenues were generated in the United States, with the remainder largely from Europe (22%), emerging markets (16%) and Canada (5%).

Execution of the Company's strategy has resulted in approximately $6.2 billion of acquisitions since 2002 (excluding the Black & Decker merger) and increased brand investment, enabled by cash flow generation and increased debt capacity. The acquisitions of Infastech in February 2013 and Jiangsu Guoqiang Tools Co., Ltd. ("GQ") in May 2013 exemplify this strategy. Infastech is a global manufacturer and distributor of specialty engineered fastening technology based in Hong Kong. The acquisition of Infastech added to the Company's strong positioning in specialty engineered fastening, an industry with solid growth prospects particularly in the global electronics, industrial and automotive end markets, and further expanded the Company's global footprint with its strong concentration in fast-growing emerging markets. GQ is the #3 mid-price-point power tool manufacturer in China and complements the Company's existing power tools product offerings in the Tools & Storage segment. In addition to these acquisitions, in December 2012, the Company sold its Hardware & Home Improvement business ("HHI"), including the residential portion of Tong Lung, to Spectrum Brands Holdings, Inc. ("Spectrum") for approximately $1.4 billion in cash. The purchase and sale agreement stipulated that the sale occur in a First and Second Closing. The First Closing, which excluded the residential portion of the Tong Lung business, occurred on December 17, 2012 while the Second Closing, in which the residential portion of the Tong Lung business was sold, occurred on April 8, 2013. The Company also divested several smaller businesses in recent years that did not fit into its long-term strategic objectives. The operating results of these divested businesses have been reported as discontinued operations in the Consolidated Financial Statements. Refer to *Note E, Acquisitions,* and *Note T, Discontinued Operations*, of the *Notes to Consolidated Financial Statements* in *Item 8* for further discussion.

At January 2, 2016, the Company employed approximately 51,250 people worldwide. The Company’s principal executive office is located at 1000 Stanley Drive, New Britain, Connecticut 06053 and its telephone number is (860) 225-5111.

Description of the Business

During the first quarter of 2015, the Company combined the Construction & Do-It-Yourself ("CDIY") business with certain complementary elements of the Industrial and Automotive Repair ("IAR") and Healthcare businesses (formerly part of the Industrial and Security segments, respectively) to form one Tools & Storage business. As a result, the Company recast segment financial information for prior periods to align with this change in organizational structure. There was no impact to the consolidated financial statements of the Company as a result of this change.

The Company’s operations are classified into three reportable business segments, which also represent its operating segments: Tools & Storage, Security and Industrial. All segments have significant international operations and are exposed to translational and transactional impacts from fluctuations in foreign currency exchange rates.

Additional information regarding the Company’s business segments and geographic areas is incorporated herein by reference to the material captioned “*Business Segment Results*” in *Item 7* and *Note P, Business Segments and Geographic Areas*, of the *Notes to Consolidated Financial Statements* in *Item 8*.

Tools & Storage

The Tools & Storage segment is comprised of the Power Tools and Hand Tools & Storage businesses. The segment sells its products to professional end users, distributors, retail consumers and industrial customers in a wide variety of industries and geographies. The majority of sales are distributed through retailers, including home centers, mass merchants, hardware stores, and retail lumber yards, as well as third-party distributors and a direct sales force. Annual revenues in the Tools & Storage segment were $7.1 billion in 2015, representing 64% of the Company's total revenues.

The Power Tools business includes professional products, consumer products, and power tool accessories. Professional products include professional grade corded and cordless electric power tools and equipment including drills, impact wrenches and drivers, grinders, saws, routers and sanders, as well as pneumatic tools and fasteners including nail guns, nails, staplers and staples, concrete and masonry anchors. Consumer products include corded and cordless electric power tools sold primarily under the BLACK+DECKER brand, lawn and garden products, including hedge trimmers, string trimmers, lawn mowers, edgers and related accessories, and home products such as hand-held vacuums, paint tools and cleaning appliances. Power tool accessories include drill bits, router bits, abrasives and saw blades.

The Hand Tools & Storage business sells measuring, leveling and layout tools, planes, hammers, demolition tools, knives, saws, chisels and industrial and automotive tools. Storage products include tool boxes, sawhorses, medical cabinets and engineered storage solution products.

Security

The Security segment is comprised of the Convergent Security Solutions ("CSS") and Mechanical Access Solutions ("MAS") businesses. Annual revenues in the Security segment were $2.1 billion in 2015, representing 19% of the Company's total revenues.

The CSS business designs, supplies and installs electronic security systems and provides electronic security services, including alarm monitoring, video surveillance, fire alarm monitoring, systems integration and system maintenance. Purchasers of these systems typically contract for ongoing security systems monitoring and maintenance at the time of initial equipment installation. The business also sells healthcare solutions, which include asset tracking solutions, infant protection, pediatric protection, patient protection, wander management, fall management, and emergency call products. The CSS business sells to consumers, retailers, educational, financial and healthcare institutions, as well as commercial, governmental and industrial customers. Products are sold predominantly on a direct sales basis.

The MAS business sells and installs automatic doors, commercial hardware, locking mechanisms, electronic keyless entry systems, keying systems, tubular and mortise door locksets. MAS sells to commercial customers primarily through independent distribution channels.

Industrial

The Industrial segment is comprised of the Engineered Fastening and Infrastructure businesses. Annual revenues in the Industrial segment were $1.9 billion in 2015, representing 17% of the Company's total revenues.

The Engineered Fastening business primarily sells engineered fastening products and systems designed for specific applications. The product lines include stud welding systems, blind rivets and tools, blind inserts and tools, drawn arc weld studs, engineered plastic and mechanical fasteners, self-piercing riveting systems and precision nut running systems, micro fasteners, and high-strength structural fasteners. The business sells to customers in the automotive, manufacturing, electronics, and aerospace industries, amongst others, and its products are distributed through direct sales forces and, to a lesser extent, third-party distributors.

The Infrastructure business consists of the Oil & Gas and Hydraulics businesses. The Oil & Gas business sells and rents custom pipe handling, joint welding and coating equipment used in the construction of large and small diameter pipelines, and provides pipeline inspection services. The Hydraulics business sells hydraulic tools and accessories. The Infrastructure businesses sell to the oil and natural gas pipeline industry and other industrial customers. The products and services are primarily distributed through a direct sales force and, to a lesser extent, third-party distributors.

Other Information

Competition

The Company competes on the basis of its reputation for product quality, its well-known brands, its commitment to customer service, strong customer relationships, the breadth of its product lines and its innovative products and customer value propositions.

The Company encounters active competition in the Tools & Storage and Industrial segments from both larger and smaller companies that offer the same or similar products and services. Certain large customers offer private label brands ("house brands") that compete across a wider spectrum of the Company's Tools & Storage segment product offerings. Competition in the Security segment is generally fragmented via both large international players and regional companies. Competition tends to be based primarily on price, the quality of service and comprehensiveness of the services offered to the customers.

Major Customers

A significant portion of the Company's Tools & Storage products are sold to home centers and mass merchants in the U.S. and Europe. A consolidation of retailers both in North America and abroad has occurred over time. While this consolidation and the domestic and international expansion of these large retailers has provided the Company with opportunities for growth, the increasing size and importance of individual customers creates a certain degree of exposure to potential sales volume loss. As a result of the Company's acquisition strategy, sales to U.S. home centers and mass merchants declined from a high of approximately 40% in 2002, to 15% before the Black & Decker merger. In 2015, sales to U.S. home centers and mass merchants were 21%.

Working Capital

The Company continues to practice the core operating disciplines encompassed by the Stanley Fulfillment System ("SFS"). SFS has five core principles that work in concert: sales and operations planning, operational lean, complexity reduction, global supply management, and order-to-cash excellence. The Company develops standardized business processes and system platforms to reduce costs and provide scalability. SFS is instrumental in the reduction of working capital evidenced by the 56% improvement in working capital turns for the Company from 5.9 at the end of 2010 (excluding HHI) to 9.2 at the end of 2015. The continued efforts to deploy SFS across the entire Company and increase turns have created significant opportunities to generate incremental free cash flow. Going forward, the Company plans to further leverage the core SFS principles to generate ongoing improvements, both in the existing business and future acquisitions, in working capital turns, cycle times, complexity reduction and customer service levels, with a goal of ultimately achieving 10 working capital turns.

Raw Materials

The Company's products are manufactured using ferrous and non-ferrous metals including, but not limited to steel, zinc, copper, brass, aluminum and nickel as well as resins. The Company also purchases components such as batteries, motors, and electronic components to use in manufacturing and assembly operations along with resin-based molded parts. The raw materials required are procured globally and available from multiple sources at competitive prices. As part of the Company's Enterprise Risk Management, the Company has implemented a supplier risk mitigation strategy in order to identify and address any potential supply disruption associated with commodities, components, finished goods and critical services. The Company does not anticipate difficulties in obtaining supplies for any raw materials or energy used in its production processes.

Backlog

Due to short order cycles and rapid inventory turnover primarily in the Company's Tools & Storage segment, backlog is generally not considered a significant indicator of future performance. At February 6, 2016, the Company had approximately $783 million in unfilled orders, which mainly relate to the Engineered Fastening and Security businesses. Substantially all of these orders are reasonably expected to be filled within the current fiscal year. As of January 31, 2015 and February 1, 2014, unfilled orders amounted to $888 million and $948 million, respectively.

Patents and Trademarks

No business segment is solely dependent, to any significant degree, on patents, licenses, franchises or concessions, and the loss of one or several of these patents, licenses, franchises or concessions would not have a material adverse effect on any of the businesses. The Company owns numerous patents, none of which individually is material to the Company's operations as a whole. These patents expire at various times over the next 20 years. The Company holds licenses, franchises and concessions, none of which individually or in the aggregate are material to the Company's operations as a whole. These licenses, franchises and concessions vary in duration, but generally run from one to 40 years.

The Company has numerous trademarks that are used in its businesses worldwide. In the Tools & Storage segment, significant trademarks include STANLEY®, BLACK+DECKER®, DEWALT®, Porter-Cable®, BOSTITCH®, FatMax®, Powers®, Guaranteed Tough®, Innerspace®, MAC®, MAC Tools®, Proto®, Vidmar®, Facom®, USAG™, Lista®, and the yellow & black color scheme for power tools and accessories. Significant trademarks in the Industrial segment include STANLEY®, CRC®, LaBounty®, Dubuis®, AeroScout®, Cribmaster®, Expert®, SIDCHROME™, POP®, Warren®, GRIPCO®, Avdel®, HeliCoil®, MasterFix®, Tucker®, NPR®, Dodge®, and Spiralock®. The Security segment includes significant trademarks such as STANLEY®, BEST®, Blick™, HSM®, Sargent & Greenleaf®, S&G®, SONITROL®, Niscayah®, Stanley Access Technologies™, AeroScout®, Hugs®, WanderGuard®, Roam Alert®, MyCall®, Arial® and Bed-Check®. The terms of these trademarks typically vary from 10 to 20 years, with most trademarks being renewable indefinitely for like terms.

Environmental Regulations

The Company is subject to various environmental laws and regulations in the U.S. and foreign countries where it has operations. Future laws and regulations are expected to be increasingly stringent and will likely increase the Company's expenditures related to environmental matters.

In the normal course of business, the Company is involved in various legal proceedings relating to environmental issues. The Company's policy is to accrue environmental investigatory and remediation costs for identified sites when it is probable that a liability has been incurred and the amount of loss can be reasonably estimated. In the event that no amount in the range of probable loss is considered most likely, the minimum loss in the range is accrued. The amount of liability recorded is based on an evaluation of currently available facts with respect to each individual site and includes such factors as existing technology, presently enacted laws and regulations, and prior experience in remediation of contaminated sites. The liabilities recorded do not take into account any claims for recoveries from insurance or third parties. As assessments and remediation progress at individual sites, the amounts recorded are reviewed periodically and adjusted to reflect additional technical and legal information that becomes available. As of January 2, 2016 and January 3, 2015, the Company had reserves of $170.7 million and $177.3 million, respectively, for remediation activities associated with Company-owned properties, as well as for Superfund sites, for losses that are probable and estimable. Of the 2015 amount, $17.1 million is classified as current and $153.6 million as long-term, which is expected to be paid over the estimated remediation period. As of January 2, 2016, the Company has recorded $18.7 million in other assets related to funding by the Environmental Protection Agency ("EPA") and monies received have been placed in trust in accordance with the Consent Decree associated with the West Coast Loading Corporation ("WCLC") proceedings, as further discussed in *Note S, Contingencies*, of the *Notes to Consolidated Financial Statements* in *Item 8*. Accordingly, the Company's cash obligation as of January 2, 2016 associated with the aforementioned remediation activities is $152.0 million. The range of environmental remediation costs that is reasonably possible is $130.4 million to $260.8 million, which is subject to change in the near term. The Company may be liable for environmental remediation of sites it no longer owns. Liabilities have been recorded on those sites in accordance with policy.

The amount recorded for identified contingent liabilities is based on estimates. Amounts recorded are reviewed periodically and adjusted to reflect additional technical and legal information that becomes available. Actual costs to be incurred in future periods may vary from the estimates, given the inherent uncertainties in evaluating certain exposures. Subject to the imprecision in estimating future contingent liability costs, the Company does not expect that any sum it may have to pay in connection with these matters in excess of the amounts recorded will have a materially adverse effect on its financial position, results of operations or liquidity. Additional information regarding environmental matters is available in *Note S, Contingencies*, of the *Notes to Consolidated Financial Statements* in *Item 8*.

Employees

At January 2, 2016, the Company had approximately 51,250 employees, 13,533 of whom are employed in the U.S. Approximately 1,022 U.S. employees are covered by collective bargaining agreements negotiated with 29 different local labor unions who are, in turn, affiliated with approximately 6 different international labor unions. The majority of the Company's hourly-paid and weekly-paid employees outside the U.S. are not covered by collective bargaining agreements. The Company's labor agreements in the U.S. expire between 2016 and 2020. There have been no significant interruptions of the Company's operations in recent years due to labor disputes. The Company believes that its relationship with its employees is good.

Research and Development Costs

Research and development costs, which are classified in SG&A, were $188.0 million, $174.6 million and $170.7 million for fiscal years 2015, 2014 and 2013, respectively.

Available Information

The Company’s website is located at http://www.stanleyblackanddecker.com. This URL is intended to be an inactive textual reference only. It is not intended to be an active hyperlink to the Company's website. The information on the Company's website is not, and is not intended to be, part of this Form 10-K and is not incorporated into this report by reference. The Company makes its Forms 10-K, 10-Q, 8-K and amendments to each available free of charge on its website as soon as reasonably practicable after filing them with, or furnishing them to, the U.S. Securities and Exchange Commission.

ITEM 1A. RISK FACTORS

The Company’s business, operations and financial condition are subject to various risks and uncertainties. You should carefully consider the risks and uncertainties described below, together with all of the other information in this Annual Report on Form 10-K, including those risks set forth under the heading entitled "Cautionary Statements Under the Private Securities Litigation Reform Act of 1995", and in other documents that the Company files with the U.S. Securities and Exchange Commission, before making any investment decision with respect to its securities. If any of the risks or uncertainties actually occur or develop, the Company’s business, financial condition, results of operations and future growth prospects could change. Under these circumstances, the trading prices of the Company’s securities could decline, and you could lose all or part of your investment in the Company’s securities.

Changes in customer preferences, the inability to maintain mutually beneficial relationships with large customers, inventory reductions by customers, and the inability to penetrate new channels of distribution could adversely affect the Company’s business.

The Company has certain significant customers, particularly home centers and major retailers, although no single customer represented more than 10% of consolidated net sales in 2015. However, the two largest customers comprised nearly 18% of net sales, with U.S. and international mass merchants and home centers collectively comprising approximately 27% of net sales. The loss or material reduction of business, the lack of success of sales initiatives, or changes in customer preferences or loyalties, for the Company’s products related to any such significant customer could have a material adverse impact on the Company’s results of operations and cash flows. In addition, the Company’s major customers are volume purchasers, a few of which are much larger than the Company and have strong bargaining power with suppliers. This limits the ability to recover cost increases through higher selling prices. Furthermore, unanticipated inventory adjustments by these customers can have a negative impact on sales.

If customers in the Convergent Security Solutions ("CSS") business are dissatisfied with services and switch to competitive services, or disconnect for other reasons such as preference for digital technology products or other technology enhancements not then offered by CSS, the Company's attrition rates may increase. In periods of increasing attrition rates, recurring revenue and results of operations may be materially adversely affected. The risk is more pronounced in times of economic uncertainty, as customers may reduce amounts spent on the products and services the Company provides.

In times of tough economic conditions, the Company has experienced significant distributor inventory corrections reflecting de-stocking of the supply chain associated with difficult credit markets. Such distributor de-stocking exacerbated sales volume declines pertaining to weak end user demand and the broader economic recession. The Company’s results may be adversely impacted in future periods by such customer inventory adjustments. Further, the inability to continue to penetrate new channels of distribution may have a negative impact on the Company’s future results.

The Company faces active global competition and if it does not compete effectively, its business may suffer.

The Company faces active competition and resulting pricing pressures. The Company’s products compete on the basis of, among other things, its reputation for product quality, its well-known brands, price, innovation and customer service capabilities. The Company competes with both larger and smaller companies that offer the same or similar products and services or that produce different products appropriate for the same uses. These companies are often located in countries such as China, Taiwan and India where labor and other production costs are substantially lower than in the U.S., Canada and Western Europe. Also, certain large customers offer house brands that compete with some of the Company’s product offerings as a lower-cost alternative. To remain profitable and defend market share, the Company must maintain a competitive cost structure, develop new products and services, lead product innovation, respond to competitor innovations and enhance its existing products in a timely manner. The Company may not be able to compete effectively on all of these fronts and with all of its competitors, and the failure to do so could have a material adverse effect on its sales and profit margins.

SFS is a continuous operational improvement process applied to many aspects of the Company’s business such as procurement, quality in manufacturing, maximizing customer fill rates, integrating acquisitions and other key business processes. In the event the Company is not successful in effectively applying the SFS disciplines to its key business processes, including those of acquired businesses, its ability to compete and future earnings could be adversely affected.

In addition, the Company may have to reduce prices on its products and services, or make other concessions, to stay competitive and retain market share. Price reductions taken by the Company in response to customer and competitive pressures, as well as price reductions and promotional actions taken to drive demand that may not result in anticipated sales levels, could also negatively impact its business. The Company engages in restructuring actions, sometimes entailing shifts of production to low-cost countries, as part of its efforts to maintain a competitive cost structure. If the Company does not execute restructuring actions well, its ability to meet customer demand may decline, or earnings may otherwise be adversely impacted; similarly if such efforts to reform the cost structure are delayed relative to competitors or other market factors the Company may lose market share and profits.

Customer consolidation could have a material adverse effect on the Company's business.

A significant portion of the Company's products are sold through home centers and mass merchant distribution channels in the U.S. and Europe. A consolidation of retailers in both North America and abroad has occurred over time and the increasing size and importance of individual customers creates risk of exposure to potential volume loss. The loss of certain larger home centers as customers would have a material adverse effect on the Company's business until either such customers were replaced or the Company made the necessary adjustments to compensate for the loss of business.

Low demand for new products and the inability to develop and introduce new products at favorable margins could adversely impact the Company's performance and prospects for future growth.

The Company's competitive advantage is due in part to its ability to develop and introduce new products in a timely manner at favorable margins. The uncertainties associated with developing and introducing new products, such as market demand and costs of development and production may impede the successful development and introduction of new products on a consistent basis. Introduction of new technology may result in higher costs to the Company than that of the technology replaced. That increase in costs, which may continue indefinitely or until and if increased demand and greater availability in the sources of the new technology drive down its cost could adversely affect the Company's results of operations. Market acceptance of the new products introduced in recent years and scheduled for introduction in future years may not meet sales expectations due to various factors, such as the failure to accurately predict market demand, end-user preferences, and evolving industry standards. Moreover, the ultimate success and profitability of the new products may depend on the Company's ability to resolve technical and technological challenges in a timely and cost-effective manner, and to achieve manufacturing efficiencies. The Company's investments in productive capacity and commitments to fund advertising and product promotions in connection with these new products could erode profits if those expectations are not met.

The Company's brands are important assets of its businesses and violation of its trademark rights by imitators, or the failure of its licensees or vendors to comply with the Company's product quality, manufacturing requirements, marketing standards, and other requirements could negatively impact revenues and brand reputation.

The Company's trademarks enjoy a reputation for quality and value and are important to its success and competitive position. Unauthorized use of the Company's trademark rights may not only erode sales of the Company's products, but may also cause significant damage to its brand name and reputation, interfere with its ability to effectively represent the Company to its customers, contractors, suppliers, and/or licensees, and increase litigation costs. Similarly, failure by licensees or vendors to adhere to the Company's standards of quality and other contractual requirements could result in loss of revenue, increased litigation, and/or damage to the Company's reputation and business. There can be no assurance that the Company's ongoing efforts to protect its brand and trademark rights and ensure compliance with its licensing and vendor agreements will prevent all violations.

Successful sales and marketing efforts depend on the Company's ability to recruit and retain qualified employees.

The success of the Company's efforts to grow its business depends on the contributions and abilities of key executives, its sales force and other personnel, including the ability of its sales force to adapt to any changes made in the sales organization and achieve adequate customer coverage. The Company must therefore continue to recruit, retain and motivate management, sales and other personnel sufficiently to maintain its current business and support its projected growth. A shortage of these key employees might jeopardize the Company's ability to implement its growth strategy.

The Company has significant operations outside of the United States, which are subject to political, economic and other risks inherent in operating outside of the United States.

The Company generates a significant portion of its total revenue outside of the United States. Business operations outside of the United States are subject to political, economic and other risks inherent in operating in certain countries, such as:

- the difficulty of enforcing agreements and protecting assets through legal systems outside the U.S.;
- managing widespread operations and enforcing internal policies and procedures such as compliance with U.S. and foreign anti-bribery and anti-corruption regulations;
- trade protection measures and import or export licensing requirements;
- the application of certain labor regulations outside of the United States;
- compliance with a wide variety of non-U.S. laws and regulations;
- changes in the general political and economic conditions in the countries where the Company operates, particularly in emerging markets;
- the threat of nationalization and expropriation;
- increased costs and risks of doing business in a wide variety of jurisdictions;
- government controls limiting importation of goods;
- government controls limiting payments to suppliers for imported goods;
- limitations on repatriation of earnings; and
- exposure to wage, price and capital controls.

Changes in the political or economic environments in the countries in which the Company operates could have a material adverse effect on its financial condition, results of operations or cash flows.

The Company's business is subject to risks associated with sourcing and manufacturing overseas.

The Company imports large quantities of finished goods, component parts and raw materials. Substantially all of its import operations are subject to customs requirements and to tariffs and quotas set by governments through mutual agreements, bilateral actions or, in some cases unilateral action. In addition, the countries in which the Company's products and materials are manufactured or imported may from time to time impose additional quotas, duties, tariffs or other restrictions on its imports (including restrictions on manufacturing operations) or adversely modify existing restrictions. Imports are also subject to unpredictable foreign currency variation which may increase the Company's cost of goods sold. Adverse changes in these import costs and restrictions, or the Company's suppliers' failure to comply with customs regulations or similar laws, could harm the Company's business.

The Company's operations are also subject to the effects of international trade agreements and regulations such as the North American Free Trade Agreement, and the activities and regulations of the World Trade Organization. Although these trade agreements generally have positive effects on trade liberalization, sourcing flexibility and cost of goods by reducing or eliminating the duties and/or quotas assessed on products manufactured in a particular country, trade agreements can also impose requirements that adversely affect the Company's business, such as setting quotas on products that may be imported from a particular country into key markets including the U.S. or the European Union, or making it easier for other companies to compete, by eliminating restrictions on products from countries where the Company's competitors source products.

The Company's ability to import products in a timely and cost-effective manner may also be affected by conditions at ports or issues that otherwise affect transportation and warehousing providers, such as port and shipping capacity, labor disputes, severe weather or increased homeland security requirements in the U.S. and other countries. These issues could delay importation of products or require the Company to locate alternative ports or warehousing providers to avoid disruption to customers. These alternatives may not be available on short notice or could result in higher transit costs, which could have an adverse impact on the Company's business and financial condition.

The Company's success depends on its ability to improve productivity and streamline operations to control or reduce costs.

The Company is committed to continuous productivity improvement and evaluating opportunities to reduce fixed costs, simplify or improve processes, and eliminate excess capacity. The Company has undertaken restructuring actions, the savings of which may be mitigated by many factors, including economic weakness, competitive pressures, and decisions to increase costs in areas such as sales promotion or research and development above levels that were otherwise assumed. Failure to achieve or delays in achieving projected levels of efficiencies and cost savings from such measures, or unanticipated inefficiencies resulting from manufacturing and administrative reorganization actions in progress or contemplated, would adversely affect the Company's results.

The performance of the Company may suffer from business disruptions associated with information technology, cyber attacks, system implementations, or catastrophic losses affecting distribution centers and other infrastructure.

The Company relies heavily on computer systems to manage and operate its businesses, and record and process transactions. Computer systems are important to production planning, customer service and order fulfillment among other business-critical processes. Consistent and efficient operation of the computer hardware and software systems is imperative to the successful sales and earnings performance of the various businesses in many countries.

Despite efforts to prevent such situations, insurance policies and loss control and risk management practices that partially mitigate these risks, the Company's systems may be affected by damage or interruption from, among other causes, power outages, system failures or computer viruses. Computer hardware and storage equipment that is integral to efficient operations, such as e-mail, telephone and other functionality, is concentrated in certain physical locations in the various continents in which the Company operates.

Further, security threats and sophisticated computer crime pose a potential risk to the security of the Company's information technology systems, networks, services and assets, as well as the confidentiality and integrity of the Company's data. If the Company suffers a loss or disclosure of business or stakeholder information due to security breaches, and business continuity plans do not effectively address these issues on a timely basis, the Company may suffer interruptions in its ability to manage operations as well as reputational, competitive or business harm, which may adversely impact the Company's results of operations and financial condition.

In addition, the Company is in the process of system conversions to SAP as well as other applications to provide a common platform across most of its businesses. There can be no assurances that expected expense synergies will be achieved or that there will not be delays to the expected timing of such synergies. It is possible the costs to complete the system conversions may exceed current expectations, and that significant costs may be incurred that will require immediate expense recognition as opposed to capitalization. The risk of disruption to key operations is increased when complex system changes such as the SAP conversions are undertaken. If systems fail to function effectively, or become damaged, operational delays may ensue and the Company may be forced to make significant expenditures to remedy such issues. Any significant disruption in the Company's computer operations could have a material adverse impact on its business and results.

The Company's operations are significantly dependent on infrastructure, notably certain distribution centers and security alarm monitoring facilities, which are concentrated in various geographic locations. If any of these were to experience a catastrophic loss, such as a fire, earthquake, hurricane, or flood, it could disrupt operations, delay production, shipments and revenue and result in large expenses to repair or replace the facility. The Company maintains business interruption insurance, but it may not fully protect the Company against all adverse effects that could result from significant disruptions.

Unforeseen events, including war, terrorism and other international conflicts and public health issues, whether occurring in the United States or abroad, could disrupt the Company's operations, disrupt the operations of its suppliers or customers, or result in political or economic instability. These events could reduce demand for its products and make it difficult or impossible for the Company to manufacture its products, deliver products to customers, or to receive materials from suppliers.

The Company's results of operations could be negatively impacted by inflationary or deflationary economic conditions which could affect the ability to obtain raw materials, component parts, freight, energy, labor and sourced finished goods in a timely and cost-effective manner.

The Company's products are manufactured using both ferrous and non-ferrous metals including, but not limited to, steel, zinc, copper, brass, aluminum, and nickel. Additionally, the Company uses other commodity-based materials for components and packaging including, but not limited to, plastics, resins, wood and corrugated products. The Company's cost base also reflects significant elements for freight, energy and labor. The Company also sources certain finished goods directly from vendors. If the Company is unable to mitigate any inflationary increases through various customer pricing actions and cost reduction initiatives, its profitability may be adversely affected.

Conversely, in the event there is deflation, the Company may experience pressure from its customers to reduce prices; there can be no assurance that the Company would be able to reduce its cost base (through negotiations with suppliers or other measures) to offset any such price concessions which could adversely impact results of operations and cash flows.

Further, as a result of inflationary or deflationary economic conditions, the Company believes it is possible that a limited number of suppliers may either cease operations or require additional financial assistance from the Company in order to fulfill their obligations. In a limited number of circumstances, the magnitude of the Company's purchases of certain items is of such significance that a change in established supply relationships with suppliers or increase in the costs of purchased raw materials, component parts or finished goods could result in manufacturing interruptions, delays, inefficiencies or an inability to market products. Changes in value-added tax rebates, currently available to the Company or to its suppliers, could also increase the costs of the Company's manufactured products as well as purchased products and components and could adversely affect the Company's results.

Uncertainty about the financial stability of economies outside the U.S. could have a significant adverse effect on the Company's business, results of operations and financial condition.

The Company generates approximately 47% of its revenues from outside the U.S., including 22% of its revenues from Europe and 16% from various emerging market countries. Each of the Company's segments generates sales from these marketplaces. While the Company believes any downturn in the European or emerging marketplaces might be offset to some degree by the relative stability in North America, the Company's future growth, profitability and financial liquidity could be affected, in several ways, including but not limited to the following:

- depressed consumer and business confidence may decrease demand for products and services;
- customers may implement cost-reduction initiatives or delay purchases to address inventory levels;
- significant declines of foreign currency values in countries where the Company operates could impact both the revenue growth and overall profitability in those geographies;
- a slowing or contracting Chinese economy could reduce China's consumption and negatively impact the Company's sales in that region, as well as globally;
- a devaluation of foreign currencies could have an effect on the credit worthiness (as well as the availability of funds) of customers in those regions impacting the collectability of receivables;
- a devaluation of foreign currencies could have an adverse effect on the value of financial assets of the Company in the effected countries;
- the impact of an event (individual country default or break up of the Euro) could have an adverse impact on the global credit markets and global liquidity potentially impacting the Company's ability to access these credit markets and to raise capital.

The Company is exposed to market risk from changes in foreign currency exchange rates which could negatively impact profitability.

The Company manufactures and sells its products in many countries throughout the world. As a result, there is exposure to foreign currency risk as the Company enters into transactions and makes investments denominated in multiple currencies. The Company's predominant currency exposures are related to the Euro, Canadian Dollar, British Pound, Australian Dollar, Brazilian Real, Argentine Peso, Chinese Renminbi ("RMB") and the Taiwan Dollar. In preparing its financial statements, for foreign operations with functional currencies other than the U.S. dollar, asset and liability accounts are translated at current exchange rates, and income and expenses are translated using weighted-average exchange rates. With respect to the effects on translated earnings, if the U.S. dollar strengthens relative to local currencies, the Company's earnings could be negatively impacted. In 2015, translational and transactional foreign currency fluctuations negatively impacted pre-tax earnings by approximately $220 million and diluted earnings per share by approximately $1.13. The translational and transactional impacts will vary over time and may be more material in the future. Although the Company utilizes risk management tools, including hedging, as it deems appropriate, to mitigate a portion of potential market fluctuations in foreign currencies, there can be no assurance that such measures will result in all market fluctuation exposure being eliminated. The Company generally does not hedge the translation of its non-U.S. dollar earnings in foreign subsidiaries, but may choose to do so in certain instances.

The Company sources many products from China and other Asian low-cost countries for resale in other regions. To the extent the RMB or other currencies appreciate, the Company may experience cost increases on such purchases. The Company may not be successful at implementing customer pricing or other actions in an effort to mitigate the related cost increases and thus its profitability may be adversely impacted.

The Company has incurred, and may incur in the future, significant indebtedness, or issue additional equity securities, in connection with mergers or acquisitions which may impact the manner in which it conducts business or the Company's access to external sources of liquidity. The potential issuance of such securities may limit the Company's ability to implement elements of its growth strategy and may have a dilutive effect on earnings.

As described in *Note H, Long-Term Debt and Financing Arrangements*, of the *Notes to Consolidated Financial Statements* in *Item 8*, the Company has an amended and restated five-year $1.75 billion committed credit facility. No amounts were outstanding against this facility at January 2, 2016.

The instruments and agreements governing certain of the Company's current indebtedness contain requirements or restrictive covenants that include, among other things:

- a limitation on creating liens on certain property of the Company and its subsidiaries;
- a restriction on entering into certain sale-leaseback transactions;
- customary events of default. If an event of default occurs and is continuing, the Company might be required to repay all amounts outstanding under the respective instrument or agreement; and
- maintenance of a specified financial ratio. The Company has an interest coverage covenant that must be maintained to permit continued access to its committed revolving credit facilities. The interest coverage ratio tested for covenant compliance compares adjusted Earnings Before Interest, Taxes, Depreciation and Amortization to adjusted Interest Expense ("adjusted EBITDA"/"adjusted Interest Expense"); such adjustments to interest or EBITDA include, but are not limited to, removal of non-cash interest expense and stock-based compensation expense. The ratio required for compliance is 3.5 times EBITDA to 1.0 times Interest Expense and is computed quarterly, on a rolling twelve months (last twelve months) basis. Under this covenant definition, the interest coverage ratio was approximately 9 times EBITDA or higher in each of the 2015 quarterly measurement periods. Management does not believe it is reasonably likely the Company will breach this covenant. Failure to maintain this ratio could adversely affect further access to liquidity.

Future instruments and agreements governing indebtedness may impose other restrictive conditions or covenants. Such covenants could restrict the Company in the manner in which it conducts business and operations as well as in the pursuit of its growth and repositioning strategies.

The Company is exposed to counterparty risk in its hedging arrangements.

From time to time, the Company enters into arrangements with financial institutions to hedge exposure to fluctuations in currency and interest rates, including forward contracts, options and swap agreements. The failure of one or more counterparties to the Company's hedging arrangements to fulfill their obligations could adversely affect the Company's results of operations.

Tight capital and credit markets or the failure to maintain credit ratings could adversely affect the Company by limiting the Company's ability to borrow or otherwise access liquidity.

The Company's long-term growth plans are dependent on, among other things, the availability of funding to support corporate initiatives and complete appropriate acquisitions and the ability to increase sales of existing product lines. While the Company has not encountered financing difficulties to date, the capital and credit markets experienced extreme volatility and disruption in recent years. Market conditions could make it more difficult for the Company to borrow or otherwise obtain the cash required for significant new corporate initiatives and acquisitions. In addition, there could be a number of follow-on effects from such a credit crisis on the Company's businesses, including insolvency of key suppliers resulting in product delays; inability of customers to obtain credit to finance purchases of the Company's products and services and/or customer insolvencies.

In addition, the major rating agencies regularly evaluate the Company for purposes of assigning credit ratings. The Company's ability to access the credit markets, and the cost of these borrowings, is affected by the strength of its credit ratings and current market conditions. Failure to maintain credit ratings that are acceptable to investors may adversely affect the cost and other terms upon which the Company is able to obtain financing, as well as access to the capital markets.

The Company's acquisitions, as well as general business reorganizations, may result in significant costs and certain risks for its business and operations.

The Company has completed a number of acquisitions in recent years including, but not limited to, Infastech, Jiangsu Guoqiang Tools ("GQ") and Niscayah. The Company may make additional acquisitions in the future.

Acquisitions involve a number of risks, including:

- the failure to identify the most suitable candidates for acquisitions;
- the ability to identify and close on appropriate acquisition opportunities within desired timeframes at reasonable cost;
- the anticipated additional revenues from the acquired companies do not materialize, despite extensive due diligence;
- the possibility that the acquired companies will not be successfully integrated or that anticipated cost savings, synergies, or other benefits will not be realized;
- the acquired businesses will lose market acceptance or profitability;
- the diversion of Company management's attention and other resources;
- the incurrence of unexpected costs and liabilities, including those associated with undisclosed pre-closing regulatory violations by the acquired business; and
- the loss of key personnel and clients or customers of acquired companies.

In addition, the success of the Company's long-term growth and repositioning strategy will depend in part on successful general reorganization including its ability to:

- combine businesses and operations;
- integrate departments, systems and procedures; and
- obtain cost savings and other efficiencies from such reorganizations, including the Company's functional transformation initiative.

Failure to effectively consummate or manage future acquisitions and general business reorganizations, and mitigate the related risks, may adversely affect the Company's existing businesses and harm its operational results due to large write-offs, significant restructuring costs, contingent liabilities, substantial depreciation, adverse tax or other consequences. The Company cannot ensure that such integrations and reorganizations will be successfully completed or that all of the planned synergies and other benefits will be realized.

Expansion of the Company's activity in emerging markets may result in risks due to differences in business practices and cultures.

The Company's growth plans include efforts to increase revenue from emerging markets through both organic growth and acquisitions. Local business practices in these regions may not comply with U.S. laws, local laws or other laws applicable to the Company. When investigating potential acquisitions, the Company seeks to identify historical practices of target companies that would create liability or other exposures for the Company were they to continue post-completion or as a successor to the target. Where such practices are discovered, the Company assesses the risk to determine whether it is prepared to proceed with the transaction. In assessing the risk, the Company looks at, among other factors, the nature of the violation, the potential liability, including any fines or penalties that might be incurred, the ability to avoid, minimize or obtain indemnity for the risks, and the likelihood that the Company would be able to ensure that any such practices are discontinued following completion of the acquisition through implementation of its own policies and procedures. Due diligence and risk assessment are, however, imperfect processes, and it is possible that the Company will not discover problematic practices until after completion, or that the Company will underestimate the risks associated with historical activities. Should that occur, the Company may incur fees, fines, penalties, injury to its reputation or other damage that could negatively impact the Company's earnings.

Significant judgment and certain estimates are required in determining the Company's worldwide provision for income taxes. Future tax law changes and audit results may materially increase the Company's prospective income tax expense.

The Company is subject to income taxation in the U.S. as well as numerous foreign jurisdictions. Significant judgment is required in determining the Company's worldwide income tax provision and accordingly there are many transactions and computations for which the final income tax determination is uncertain. The Company considers many factors when evaluating and estimating its tax positions and tax benefits, which may require periodic adjustments and which may not accurately anticipate actual outcomes. The Company periodically assesses its liabilities and contingencies for all tax years still subject to audit based on the most currently available information, which involves inherent uncertainty. The Company is routinely audited by income tax authorities in many tax jurisdictions. Although management believes the recorded tax estimates are reasonable, the ultimate outcome of any audit (or related litigation) could differ materially from amounts reflected in the Company's income tax accruals. Additionally, it is possible that future income tax legislation may be enacted that could have a material impact on the Company's worldwide income tax provision beginning with the period that such legislation becomes enacted. Lastly, the global income tax provision can be materially impacted due to foreign currency fluctuations against the U.S. dollar since a significant amount of the Company's earnings are generated outside the United States.

The Company's failure to continue to successfully avoid, manage, defend, litigate and accrue for claims and litigation could negatively impact its results of operations or cash flows.

The Company is exposed to and becomes involved in various litigation matters arising out of the ordinary routine conduct of its business, including, from time to time, actual or threatened litigation relating to such items as commercial transactions, product liability, workers compensation, the Company's distributors and franchisees, intellectual property claims and regulatory actions.

In addition, the Company is subject to environmental laws in each jurisdiction in which business is conducted. Some of the Company's products incorporate substances that are regulated in some jurisdictions in which it conducts manufacturing operations. The Company could be subject to liability if it does not comply with these regulations. In addition, the Company is currently, and may in the future be held responsible for remedial investigations and clean-up costs resulting from the discharge of hazardous substances into the environment, including sites that have never been owned or operated by the Company but at which it has been identified as a potentially responsible party under federal and state environmental laws and regulations. Changes in environmental and other laws and regulations in both domestic and foreign jurisdictions could adversely affect the Company's operations due to increased costs of compliance and potential liability for non-compliance.

The Company manufactures products, configures and installs security systems and performs various services that create exposure to product and professional liability claims and litigation. If such products, systems and services are not properly manufactured, configured, installed, designed or delivered, personal injuries, property damage or business interruption could result, which could subject the Company to claims for damages. The costs associated with defending product liability claims and payment of damages could be substantial. The Company's reputation could also be adversely affected by such claims, whether or not successful.

There can be no assurance that the Company will be able to continue to successfully avoid, manage and defend such matters. In addition, given the inherent uncertainties in evaluating certain exposures, actual costs to be incurred in future periods may vary from the Company's estimates for such contingent liabilities.

The Company's products could be recalled.

The Consumer Product Safety Commission or other applicable regulatory bodies may require the recall, repair or replacement of the Company's products if those products are found not to be in compliance with applicable standards or regulations. A recall could increase costs and adversely impact the Company's reputation.

The Company is exposed to credit risk on its accounts receivable.

The Company's outstanding trade receivables are not generally covered by collateral or credit insurance. While the Company has procedures to monitor and limit exposure to credit risk on its trade and non-trade receivables, there can be no assurance such procedures will effectively limit its credit risk and avoid losses, which could have an adverse effect on the Company's financial condition and operating results.

If the Company were required to write-down all or part of its goodwill, indefinite-lived trade names, or other definite-lived intangible assets, its net income and net worth could be materially adversely affected.

As a result of the Black and Decker merger and other acquisitions, the Company has $7.084 billion of goodwill, $1.578 billion of indefinite-lived trade names and $0.964 billion of definite-lived intangible assets at January 2, 2016. The Company is required to periodically, at least annually, determine if its goodwill or indefinite-lived trade names have become impaired, in which case it would write down the impaired portion of the intangible asset. The definite-lived intangible assets, including customer relationships, are amortized over their estimated useful lives; such assets are also evaluated for impairment when appropriate. Impairment of intangible assets may be triggered by developments outside of the Company's control, such as worsening economic conditions, technological change, intensified competition or other factors resulting in deleterious consequences.

If the investments in employee benefit plans do not perform as expected, the Company may have to contribute additional amounts to these plans, which would otherwise be available to cover operating expenses or other business purposes.

The Company sponsors pension and other post-retirement defined benefit plans. The Company’s defined benefit plan assets are currently invested in equity securities, government and corporate bonds and other fixed income securities, money market instruments and insurance contracts. The Company’s funding policy is generally to contribute amounts determined annually on an actuarial basis to provide for current and future benefits in accordance with applicable law which require, among other things, that the Company make cash contributions to under-funded pension plans. During 2015, the Company made cash contributions to its defined benefit plans of $66 million and it expects to contribute $52 million to its defined benefit plans in 2016.

There can be no assurance that the value of the defined benefit plan assets, or the investment returns on those plan assets, will be sufficient in the future. It is therefore possible that the Company may be required to make higher cash contributions to the plans in future years which would reduce the cash available for other business purposes, and that the Company will have to recognize a significant pension liability adjustment which would decrease the net assets of the Company and result in higher expense in future years. The fair value of these assets at January 2, 2016 was $2.129 billion.

Legal or technological hurdles associated with the expansion of use of RFID and RTLS technologies in Company products could adversely affect the Company's growth initiatives and long term results.

The Company's growth initiatives call for expansions of use of RFID and RTLS technologies both geographically and through incorporation of these technologies into new products. In connection with these activities, the Company may encounter both technological difficulties and legal impediments, including, but not limited to, design requirements, ownership claims and licensing or permitting requirements, that could delay or prevent the use of these technologies in certain products and/or in certain geographies. Any such impediments could adversely impact the Company's plans for growth and future results.

Risks associated with hostilities involving North Korea.

The Company has a number of key suppliers in South Korea. Escalation of hostilities with North Korea and/or military action in the region could cause disruptions in the Company's supply chain which could, in turn, cause product shortages, delays in delivery and/or increases in the Company's cost incurred to produce and deliver products to its customers.

ITEM 1B. UNRESOLVED STAFF COMMENTS

None.

ITEM 2. PROPERTIES

As of January 2, 2016, the Company and its subsidiaries owned or leased significant facilities used for manufacturing, distribution and sales offices in 19 states and 16 foreign countries. The Company leases its corporate headquarters in New Britain, Connecticut. The Company has 78 other facilities that are larger than 100,000 square feet. These facilities are broken out by segment as follows:

	Owned	Leased	Total
Tools & Storage	40	16	56
Security	5	3	8
Industrial	10	4	14
Total	55	23	78

The combined size of these facilities is approximately 20 million square feet. The buildings are in good condition, suitable for their intended use, adequate to support the Company’s operations, and generally fully utilized.

ITEM 3. LEGAL PROCEEDINGS

In the normal course of business, the Company is involved in various lawsuits and claims, including product liability, environmental and distributor claims, and administrative proceedings. The Company does not expect that the resolution of these matters will have a materially adverse effect on the Company’s consolidated financial position, results of operations or liquidity.

On September 30, 2015, the Director of the Land and Chemicals Division for the United States Environmental Protection Agency, Region III (“EPA”) initiated an administrative proceeding for the assessment of civil penalties against Baldwin Hardware Corporation and SBD Property Holdings, LLC (collectively, “Respondents”). The Complaint alleges that

Respondents violated Subtitle C, 42 U.S.C. §§ 6921-6939g of the Resource Conservation and Recovery Act of 1976, as amended (“RCRA”), and requirements of the federally-authorized Pennsylvania Hazardous Waste Management Regulations, in their waste management practices for the handling of RCRA hazardous waste at a manufacturing facility in Reading, PA. The facility was decommissioned in 2014. In October 2015, the Respondents reached an agreement with the EPA to resolve the matter whereby Respondents paid a civil penalty in the amount of $420,000 to resolve all of EPA’s claims asserted in the Complaint and final resolution of the matter was effective November 16, 2015.

ITEM 4. MINE SAFETY DISCLOSURES

Not applicable.

PART II

ITEM 5. MARKET FOR THE REGISTRANT’S COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES

The Company’s 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. The Company’s high and low quarterly stock prices on the NYSE for the years ended January 2, 2016 and January 3, 2015 follow:

	2015			2014		
	High	**Low**	**Dividend Per Common Share**	**High**	**Low**	**Dividend Per Common Share**
QUARTER:						
First	**$ 100.17**	**$ 90.51**	**$ 0.52**	$ 83.04	$ 75.64	$ 0.50
Second	**$ 107.71**	**$ 95.93**	**$ 0.52**	$ 89.02	$ 77.58	$ 0.50
Third	**$ 108.17**	**$ 94.66**	**$ 0.55**	$ 93.46	$ 85.01	$ 0.52
Fourth	**$ 110.17**	**$ 98.15**	**$ 0.55**	$ 97.36	$ 81.31	$ 0.52
Total			**$ 2.14**			$ 2.04

As of February 1, 2016, there were 10,593 holders of record of the Company’s common stock. Information required by Item 201(d) of Regulation S-K concerning securities authorized for issuance under equity compensation plans can be found under Item 12 of this Annual Report on Form 10-K.

Issuer Purchases of Equity Securities

The following table provides information about the Company’s purchases of equity securities that are registered by the Company pursuant to Section 12 of the Exchange Act for the three months ended January 2, 2016:

2015	(a) Total Number Of Shares Purchased	Average Price Paid Per Share	Total Number Of Shares Purchased As Part Of A Publicly Announced Plan or Program	Maximum Number Of Shares That May Yet Be Purchased Under The Program
October 4 - November 7	2,105	$ 101.66	—	—
November 8 - December 5	46,783	$ 109.25	—	—
December 6 - January 2	40,362	$ 109.34	—	—
Total	89,250	$ 109.11	—	—

(a) The shares of common stock in this column were deemed surrendered to the Company by participants in various benefit plans of the Company to satisfy the participants’ taxes related to vesting or delivery of time-vesting restricted share units under those plans.

On July 23, 2014, the Board of Directors approved a new repurchase of up to 25 million shares of the Company's common stock. As of January 2, 2016, the remaining authorized shares for repurchase is 16.1 million shares. Furthermore, approximately 5.2 million shares are reserved for purchase in connection with the forward share purchase contracts entered into in October 2014 and March 2015, which obligate the Company to pay $150.0 million and $350.0 million, respectively, plus additional amounts related to the forward component of the contracts to the financial institution counterparties not later than

October 2016 and March 2017, respectively, or earlier at the Company's option. Refer to *Note J, Capital Stock,* of the *Notes to Consolidated Financial Statements* in *Item 8* for further discussion.

ITEM 6. SELECTED FINANCIAL DATA

Acquisitions made by the Company during the five-year period presented below affect comparability of results. Refer to *Note E, Acquisitions*, of the *Notes to Consolidated Financial Statements* in *Item 8* and prior year 10-K filings for further information.

(Millions of Dollars)	2015	2014	2013 (a)	2012 (b)	2011 (c)
Continuing Operations:					
Net sales	**$ 11,172**	$ 11,339	$ 10,890	$ 10,022	$ 9,332
Net earnings from continuing operations attributable to common shareowners	**$ 904**	$ 857	$ 520	$ 458	$ 612
Net (loss) earnings from discontinued operations (d)	**$ (20)**	$ (96)	$ (30)	$ 426	$ 63
Net earnings attributable to common shareowners	**$ 884**	$ 761	$ 490	$ 884	$ 675
Basic earnings (loss) per share:					
Continuing operations	**$ 6.10**	$ 5.49	$ 3.35	$ 2.81	$ 3.69
Discontinued operations (d)	**$ (0.14)**	$ (0.62)	$ (0.19)	$ 2.61	$ 0.38
Total basic earnings per share	**$ 5.96**	$ 4.87	$ 3.16	$ 5.41	$ 4.06
Diluted earnings (loss) per share:					
Continuing operations	**$ 5.92**	$ 5.37	$ 3.28	$ 2.75	$ 3.60
Discontinued operations (d)	**$ (0.13)**	$ (0.60)	$ (0.19)	$ 2.55	$ 0.37
Total diluted earnings per share	**$ 5.79**	$ 4.76	$ 3.09	$ 5.30	$ 3.97
Percent of net sales (Continuing operations):					
Cost of sales	**63.6%**	63.8%	64.2%	63.5%	63.1%
Selling, general and administrative (e)	**22.3%**	22.9%	24.7%	24.7%	25.2%
Other-net	**2.0%**	2.1%	2.6%	3.0%	2.7%
Interest, net	**1.5%**	1.4%	1.4%	1.3%	1.2%
Earnings before income taxes	**10.3%**	9.6%	5.4%	5.3%	7.1%
Net earnings from continuing operations attributable to common shareowners	**8.1%**	7.6%	4.8%	4.6%	6.6%
Balance sheet data:					
Total assets	**$ 15,172**	$ 15,849	$ 16,535	$ 15,844	$ 15,949
Long-term debt	**$ 3,837**	$ 3,840	$ 3,799	$ 3,527	$ 2,926
Stanley Black & Decker, Inc.'s Shareowners' Equity	**$ 5,812**	$ 6,429	$ 6,799	$ 6,667	$ 7,004
Ratios:					
Total debt to total capital	**39.8%**	37.4%	38.2%	34.7%	33.0%
Income tax rate - continuing operations	**21.6%**	20.9%	11.7%	14.2%	8.2%
Common stock data:					
Dividends per share	**$ 2.14**	$ 2.04	$ 1.98	$ 1.80	$ 1.64
Equity per share at year-end	**$ 39.08**	$ 41.34	$ 43.73	$ 43.19	$ 42.84
Market price per share - high	**$ 110.17**	$ 97.36	$ 92.36	$ 81.34	$ 77.29
Market price per share - low	**$ 90.51**	$ 75.64	$ 73.97	$ 59.25	$ 47.83
Average shares outstanding (in 000's):					
Basic	**148,234**	156,090	155,237	163,067	165,832
Diluted	**152,706**	159,737	158,776	166,701	170,105
Other information:					
Average number of employees	**51,815**	50,375	49,445	45,327	44,309
Shareowners of record at end of year	**10,603**	10,932	11,235	11,285	11,643

(a) The Company's 2013 results include $390 million of pre-tax charges related to merger and acquisition-related charges, as well as the charges associated with the extinguishment of debt during the fourth quarter of 2013. As a result of these charges, net earnings attributable to common shareowners were reduced by $270 million (or $1.70 per diluted share). As a percentage of Net sales, Cost of sales was 27 basis points higher, Selling, general & administrative was 125 basis points higher, Other-net was 47 basis points higher, Earnings before income taxes was 358 basis points lower, and Net earnings attributable to common shareowners was 248 basis points lower. The Income tax rate - continuing operations ratio was 761 basis points lower.

(b) The Company's 2012 results include $442 million of pre-tax charges related to merger and acquisition-related charges, the charges associated with the $200 million in cost actions implemented in 2012, as well as the charges associated with the extinguishment of debt during the third quarter of 2012. As a result of these charges, net earnings attributable to common shareowners were reduced by $329 million (or $1.97 per diluted share). As a percentage of Net Sales, Cost of sales was 30 basis points higher, Selling, general & administrative was 138 basis points higher, Other-net was 53 basis points higher, Earnings before income taxes was 441 basis points lower, and Net earnings attributable to common shareowners was 328 basis points lower. The Income tax rate - continuing operations ratio was 514 basis points lower. During 2012, the Company recognized an income tax benefit attributable to the settlement of certain tax contingencies of $49 million, or $0.29 per diluted share.

(c) The Company’s 2011 results include $227 million of pre-tax merger and acquisition-related charges incurred in connection with the Black & Decker merger and other acquisition activities, such as Niscayah. These charges include facility closure-related charges, employee related matters, including severance costs, transaction and integration costs. As a result of these charges, net earnings attributable to common shareowners were reduced by $180 million (or $1.06 per diluted share). As a percentage of Net sales, Cost of sales was 23 basis points higher, Selling, general & administrative was 105 basis points higher, Other-net was 52 basis points higher, Earnings before income taxes was 243 basis points lower, and Net earnings attributable to common shareowners was 193 basis points lower. The Income tax rate - continuing operations ratio was 321 basis points lower. During 2011, the Company recognized an income tax benefit attributable to the settlement of certain tax contingencies of $73 million, or $0.43 per diluted share.

(d) Discontinued operations in 2015 reflects a $20 million loss, or $0.13 per diluted share, primarily related to operating losses associated with the Security segment’s Spain and Italy operations (“Security Spain and Italy”), which were classified as held for sale in the fourth quarter of 2014 and subsequently sold in 2015. Amounts in 2014 reflect a $96 million loss, or $0.60 per diluted share, associated with Security Spain and Italy as well as two small businesses that were divested in 2014. Amounts in 2013 reflect a $30 million loss, or $0.19 per diluted share, associated with Security Spain and Italy, HHI, and two small businesses that were divested in 2014. Amounts in 2012 reflect earnings of $426 million, or $2.55 per diluted share, related to Security Spain and Italy as well as HHI, partially offset by losses associated with two small businesses previously discussed. The net (loss) earnings from discontinued operations in 2013 and 2012 include net gains related to the HHI sale of $4.7 million and $358.9 million, respectively. Refer to *Note T, Discontinued Operations*, of the *Notes to Consolidated Financial Statements* in *Item 8* for further discussion. Amounts in 2011 reflect earnings of $63 million (or $0.37 per diluted share) related to Security Spain and Italy, HHI, two small businesses divested in 2014, and three small businesses divested during 2011.

(e) SG&A is inclusive of the Provision for Doubtful Accounts.

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The financial and business analysis below provides information which the Company believes is relevant to an assessment and understanding of its consolidated financial position, results of operations and cash flows. This financial and business analysis should be read in conjunction with the Consolidated Financial Statements and related notes. All references to "*Notes*" in this *Item 7* refer to the *Notes to Consolidated Financial Statements* included in *Item 8* of this Annual Report.

The following discussion and certain other sections of this Annual Report on Form 10-K contain statements reflecting the Company's views about its future performance that constitute "forward-looking statements" under the Private Securities Litigation Reform Act of 1995. These forward-looking statements are based on current expectations, estimates, forecasts and projections about the industry and markets in which the Company operates as well as management's beliefs and assumptions. Any statements contained herein (including without limitation statements to the effect that Stanley Black & Decker, Inc. or its management "believes", "expects", "anticipates", "plans" and similar expressions) that are not statements of historical fact should be considered forward-looking statements. These statements are not guarantees of future performance and involve certain risks, uncertainties and assumptions that are difficult to predict. There are a number of important factors that could cause actual results to differ materially from those indicated by such forward-looking statements. These factors include, without limitation, those set forth, or incorporated by reference, below under the heading "Cautionary Statements". The Company does not intend to update publicly any forward-looking statements whether as a result of new information, future events or otherwise.

Strategic Objectives

The Company continues to employ the following strategic framework:

- Maintaining organic growth momentum by utilizing SFS 2.0 as a catalyst, diversifying toward higher growth, higher profit businesses, and increasing relative weighting of emerging markets;
- Being selective and operating in markets where brand is meaningful, the value proposition is definable and sustainable through innovation and global cost leadership is achievable;
- Pursuing acquisitive growth on multiple fronts through opportunistically consolidating the tool industry and expanding the Industrial platform in Engineered Fastening and Infrastructure.

The Company is continuing to pursue a growth and acquisition strategy that involves industry, geographic and customer diversification to foster sustainable revenue, earnings and cash flow growth. The Company is focused on growing organically, including increasing its presence in emerging markets, with a goal of generating greater than 20% of annual revenues from those markets, and leveraging the Stanley Fulfillment System, a now expanded program focused on breakthrough innovation and digital capabilities while accelerating commercial and supply chain excellence, and funding these required investments through functional transformation. These objectives have been significantly enhanced by the Black & Decker merger, which along with the impact from the Company's diversification strategy has driven continued improvements in financial performance. Sales outside the U.S. represented 47% of total net sales in 2015, up from 29% in 2002. As further illustration of this diversification strategy, sales to U.S. and international home centers and mass merchants accounted for approximately 27% of total sales in 2015 compared to 31% in 2010.

Execution of the above strategy has resulted in approximately $6.2 billion of acquisitions since 2002 (aside from the Black & Decker merger), several divestitures (including the sale of HHI in December 2012), increased brand investment, improved efficiency in the supply chain and manufacturing operation, and enhanced investments in organic growth, enabled by cash flow generation and increased debt capacity. Over the last decade, the Company has returned approximately 50% of normalized free cash flow to its shareowners.

Each of the Company's franchises share common attributes: they have world-class brands and attractive growth characteristics, they are scalable and defensible, and they can differentiate through innovation.

- The Tools & Storage business is the tool company to own with its strong brands, proven innovation machine, global scale, and broad offering of power and hand tools across many channels in both developed and developing markets.

- The Engineered Fastening business is a highly profitable, GDP+ growth business offering high value-added innovative solutions with recurring revenue attributes and global scale.

- The Convergent Security Solutions ("CSS") business, with its value-add vertical market offerings and attractive recurring revenue, presents a significant margin accretion opportunity over the longer term. The Security business, which has historically provided a stable revenue stream through economic cycles, is a gateway into the digital world and an avenue to capitalize on rapid digital changes.

As communicated at the May 2015 Investor Day, the Company intends to provide further information on the state of its Security franchise and its fit within the Company's portfolio in the second half of 2016. The Company is encouraged by Security's recent favorable performance trends of improving operating margins, increasing order rates and stabilizing attrition at targeted levels. Operational enhancements are beginning to take hold across the segment and talent upgrades in many portions of the business are starting to pay dividends in terms of results and building a high performance culture.

The Company’s three-year annual financial targets ("2018 Vision") communicated in May 2015, which assumes a relatively stable currency environment and approximately $50 million of annual restructuring costs, include:

- 4-6% organic revenue growth, with total revenue growth enhanced by acquisitions;
- 50-75 basis points of operating margin rate improvement to approximately 16% by 2018;
- 10-12% earnings per share growth (including acquisitions), 7-9% organic growth;
- Cash flow return on investment ("CFROI") expansion to 14-15%; and
- Progress towards 10+ working capital turns.

In terms of capital allocation, the Company remains committed to returning approximately 50% of free cash flow to shareholders through a strong and growing dividend as well as opportunistically repurchasing shares. The remaining free cash flow (approximately 50%) will be deployed towards acquisitions. Since the beginning of the fourth quarter of 2014, the Company has reduced its share count by the equivalent of approximately $1.2 billion worth of shares by utilizing both cash and equity derivatives.

The following represents recent examples of executing on the Company's strategic objectives:

Acquisitions

In May 2013, the Company purchased a 60% controlling share in Jiangsu Guoqiang Tools Co., Ltd. ("GQ") for a total purchase price of $48.5 million, net of cash acquired. In December 2015, the Company purchased the remaining 40% interest for a total purchase price of $33.5 million. GQ is a manufacturer and seller of power tools in both domestic and foreign markets. The acquisition of GQ complements the Company's existing power tools product offerings and further diversifies the Company's operations and international presence. This acquisition allows the Company to accelerate its emerging market mid-price point product strategy. GQ is headquartered in Qidong, China and has been consolidated into the Company's Tools & Storage segment.

In February 2013, the Company acquired a 100% ownership interest in Infastech for a total purchase price of $826.4 million, net of cash acquired. Infastech designs, manufactures and distributes highly-engineered fastening technologies and applications for a diverse blue-chip customer base in the industrial, electronics, automotive, construction and aerospace end markets. The acquisition of Infastech added to the Company's strong positioning in specialty engineered fastening, an industry with solid growth prospects, and further expanded the Company's global footprint with its strong concentration in fast-growing emerging markets. Infastech is headquartered in Hong Kong and has been consolidated into the Company's Industrial segment.

HHI and Tong Lung Residential Divestiture

In December 2012, the Company sold HHI to Spectrum for approximately $1.4 billion in cash. HHI is a provider of residential locksets, residential builders hardware and plumbing products marketed under the Kwikset, Weiser, Baldwin, Stanley, National and Pfister brands. The majority of the HHI business was part of the Company's Security segment. The divestiture of the HHI business is part of the continued diversification of the Company's revenue streams and geographic footprint consistent with the Company's strategic framework.

The purchase and sale agreement stipulated that the sale occur in a First and Second Closing, for approximately $1.3 billion and approximately $94 million, respectively. The First Closing, which excluded the residential portion of the Tong Lung business, occurred on December 17, 2012. The Second Closing, relating to the residential portion of the Tong Lung business, occurred on April 8, 2013.

During 2013, the Company completed the 2012 income tax return filings which included the final calculations of the tax gain on HHI sale which took place in 2012. As a result of these tax return filings, the Company recorded an income tax benefit of approximately $19.1 million within discontinued operations related to finalization of the taxable gain on the HHI sale. Changes to the original tax gain were driven primarily by the determination of the final purchase price allocation and the finalization of the U.S. tax basis calculation, both of which were finalized during 2013.

The net proceeds from this divestiture were used to repurchase $850 million of the Company's common stock and for debt reduction, to ensure the Company's leverage ratios remain in its target range.

Refer to *Note E, Acquisitions*, and *Note T, Discontinued Operations*, for further discussion of the Company's acquisitions and divestitures.

Driving Further Profitable Growth By Fully Leveraging Existing Businesses

While diversifying the business portfolio through expansion in the Company's specified growth platforms remains important, management recognizes that the branded tool and storage product offerings in the Tools & Storage segment are important foundations that continue to provide strong cash flow and growth prospects. Management is committed to growing these businesses through innovative product development, brand support, continued investment in emerging markets and a sharp focus on global cost-competitiveness.

As discussed previously, in the first quarter of 2015, the Company made the decision to combine the complementary elements of the CDIY and IAR businesses into one Tools & Storage business. The combination of these two businesses is consistent with the Company's strategy to continue to gain market share and consolidate the tool industry. The decision was based on the businesses' powerful family of brands, global scale and breadth of products across power and hand tools, storage and accessories, in addition to diverse channel access across the spectrum of construction, DIY, industrial and automotive repair markets. The Tools & Storage business represents an important foundation of the Company that will continue to provide strong cash flow and future growth.

Continuing to Invest in the Stanley Black & Decker Brands

The Company has a strong portfolio of brands associated with high-quality products including STANLEY®, BLACK +DECKER®, DEWALT®, Porter-Cable®, Bostitch®, Proto®, MAC®, FACOM®, AeroScout®, Powers®, LISTA®, SIDCHROME®, Vidmar®, SONITROL®, and GQ®. The STANLEY®, BLACK+DECKER® and DEWALT® brands are recognized as three of the world's great brands and are amongst the Company's most valuable assets. Sustained brand support has yielded a steady improvement across the spectrum of brand awareness measures, most notably in unaided Stanley hand tool brand awareness. During 2015, the STANLEY® and DEWALT® brands had prominent signage at nine major league baseball stadiums and 30% of all Major League Baseball games. The Company has also maintained long-standing NASCAR and NHRA racing sponsorships, which provided brand exposure during 42 events in 2015. The Company has continued its ten-year alliance agreement with the Walt Disney World Resort® whereby STANLEY® logos are displayed on construction walls throughout the theme parks and STANLEY®, MAC®, Proto®, and Vidmar® brand logos and/or products are featured in various attractions where they are seen by approximately 45 million visitors each year. Additionally, Stanley is "The Official Tool Provider of the Walt Disney World Resort®." In 2009, the Company also began advertising in the English Premier League, which is the number one soccer league in the world, watched weekly by 650 million people. Starting in 2014, the Company became a sponsor of the world's most popular football club, FC Barcelona, including player image rights, hospitality assets and stadium signage. The Company advertises in televised Professional Bull Riders events, one of the fastest growing sports with over 44 million fans, as well as the The Built Ford Tough Series, which is broadcast in 129 territories and to more than 400 million households globally. Additionally, the Company sponsors Moto GP, the world's premiere motorcycle racing series reaching 130 million fans per race and airing in over 200 countries, and the Monster Yamaha Tech3 team. The Company has entered a partnership with the Chinese Basketball Association (CBA), the most popular sport in China with over 800 million fans. The Company will continue to allocate its brand and advertising spend wisely and it currently generates more than 200 billion brand impressions annually.

The Stanley Fulfillment System (SFS)

SFS employs continuous improvement techniques to streamline operations (front end & back office) and drive efficiency throughout the supply chain. SFS has five core principles that work in concert: sales and operations planning ("S&OP"), operational lean, complexity reduction, global supply management, and order-to-cash excellence. S&OP is a dynamic and continuous unified process that links and balances supply and demand in a manner that produces world-class fill rates while minimizing DSI (Days Sales of Inventory). Operational lean is the systemic application of lean principles in progressive steps throughout the enterprise to optimize flow toward a pre-defined end state by eliminating waste, increasing efficiency and driving value. Complexity reduction is a focused and overt effort to eradicate costly and unnecessary complexity from the Company's products, supply chain and back room process and organizations. Complexity reduction enables all other SFS elements and, when successfully deployed, results in world-class cost, speed of execution and customer satisfaction. Global supply management focuses on strategically leveraging the company's scale to achieve the best possible price and payment terms with the best possible quality, service and delivery among all categories of spend. Order-to-cash excellence is a methodical, process-based approach that provides a user-friendly, automated and error-proof customer experience from intent-to-purchase to shipping and billing to payment, while minimizing cash collection cycle time and DSO (Days Sales Outstanding). Other benefits of SFS include reductions in lead times, rapid realization of synergies during acquisition integrations, and focus on employee safety. The core SFS principles helped to mitigate the substantial impact of material and energy price inflation that was experienced in recent years.

SFS is also instrumental in the reduction of working capital as evidenced by the 56% improvement in working capital turns for the Company from 5.9 (excluding HHI) at the end of 2010, after the merger with Black & Decker, to 9.2 at the end of 2015. The continued efforts to deploy SFS across the entire Company and increase turns have created significant opportunities to generate incremental free cash flow. Going forward, the Company plans to further leverage SFS to generate ongoing improvements both in the existing business and future acquisitions in working capital turns, cycle times, complexity reduction and customer service levels, with a goal of ultimately achieving 10 working capital turns.

In addition, the Company has embarked on an initiative to drive from a more programmatic growth mentality to a true organic growth culture by more deeply embedding breakthrough innovation and commercial excellence into its businesses, and at the same time, becoming a significantly more digitally-enabled enterprise. A new breed of digital technologies is changing the competitive landscape at unprecedented rates, creating both threats and opportunities, and it is clear that organizations that stand still will be left behind.

To that end, the Company has spent considerable time and effort developing the next iteration of the successful SFS program, which has driven working capital turns to world-class levels and vastly improved the supply chain and customer-facing metrics. Entitled "SFS 2.0" this refreshed and revitalized business system will continue the progress on core SFS, but importantly, provide resources and added focus into functional transformation, digital excellence, commercial excellence and breakthrough innovation. SFS 2.0 was launched in 2015 and immediately created a positive impact on 2015 results by driving organic growth, improving margins and reaching new levels of innovation and digitization across the entire organization. The Company is making a significant commitment to SFS 2.0 and management believes that its success will be characterized by more consistent organic growth in the 4-6% range as well as expanded operating margin rates over the next 3 to 5 years as the Company leverages the growth and reduces structural SG&A levels.

The expanded SFS 2.0 will transform the Company by focusing its employees on the following five key pillars:

- **Core SFS,** which targets asset efficiency, remains as the foundation for the Company's operating system and despite the significant advances made in improving working capital turns and free cash generation, opportunities still remain for further working capital improvements and supply chain efficiency to enhance the Company's already strong asset efficiency performance.

- **Functional Transformation** takes a clean-sheet approach to redesigning the Company's key support functions such as Finance, HR, IT and others, which although highly effective, after 80 or so acquisitions are not as efficient as they can be, based on external benchmarks. This presents the Company with an opportunity to reduce its SG&A as a percent of sales and becomes a cost effectiveness enabler with the side benefit of providing the funding mechanism for the following other aspects of SFS 2.0, which together act as enablers for outsized organic growth and margin expansion.

- **Digital Excellence** uses the power of digital to be disruptive and more effective and far reaching through the Company's products, solutions and analytics. Digital Excellence means leveraging the power of emerging technologies across the Company's businesses to connected devices, the Internet of Things, and big data, as well as social and mobile, even more than what is being done today. Digital will touch all aspects of the organization and feeds into and supports the other elements of SFS 2.0 - enabling better asset efficiency through core SFS, greater cost effectiveness via the Company's support functions, and improving revenues and margins via customer-facing opportunities.

- **Commercial Excellence** is about how the Company becomes more effective and efficient in its customer-facing processes resulting in continued share gains and margin expansion throughout its businesses. The Company views Commercial Excellence as world-class execution across seven areas: customer insights, innovation and portfolio management, pricing and promotion, brand and marketing, sales force deployment and effectiveness, channel programs, and the customer experience.

- **Breakthrough Innovation** is aimed at developing a breakthrough innovation culture to identify market disruptive technologies. Although the Company has a track record of being highly innovative, opportunities exist to be even more innovative. The Company's breakthrough innovation focus is on coming up with the next major breakthrough in the industries in which the Company operates which, when combined with its existing strong core innovation machine, will drive outsized share gains and margin expansion.

These five pillars will serve as a powerful value driver in the years ahead, feeding the Company's new product innovation machine, embracing outstanding commercial and supply chain excellence, embedding digital into the various business models, and funding it all with world-class functional efficiency. Taken together, these pillars will directly support achievement of the Company's long-term financial objectives and further enable its shareholder-friendly capital allocation approach, which has served the Company well in the past and will continue to do so in the future.

Certain Items Impacting Earnings

Merger and Acquisition-Related and Other Charges Impacting 2013 Earnings

Throughout MD&A, the Company has provided a discussion of its 2013 results both inclusive and exclusive of merger and acquisition-related and other charges. Merger and acquisition-related charges in 2013 related primarily to the Black & Decker merger and Niscayah and Infastech acquisitions, while other charges related to the extinguishment of debt. The amounts and measures, including gross profit and segment profit, on a basis excluding such charges are considered relevant to aid analysis and understanding of the Company’s 2013 results aside from the material impact of these charges. In addition, these measures are utilized internally by management to understand business trends, as once the anticipated cost synergies from the Black & Decker merger and other acquisitions were realized, such charges are not expected to recur. Merger and acquisition-related charges were not significant in 2015 or 2014 and therefore, are not discussed separately in MD&A for those years.

During 2013, the Company reported $390 million in pre-tax merger and acquisition-related and other charges, which were comprised of the following:

- $29 million reducing Gross profit primarily pertaining to integration-related matters and amortization of the inventory step-up adjustment for the Infastech acquisition;
- $136 million in Selling, general & administrative expenses primarily for integration-related administrative costs and consulting fees, as well as employee related matters;
- $30 million in Other-net primarily related to deal transaction costs;
- $21 million pre-tax loss on the extinguishment of $300 million of debt in the fourth quarter of 2013; and
- $174 million in net Restructuring charges, which primarily represent Niscayah integration-related restructuring charges and cost reduction actions associated with the severance of employees.

The tax effect on the above charges, some of which were not tax deductible, in 2013 was $120 million, resulting in an after-tax charge of $270 million, or $1.70 per diluted share.

Outlook for 2016

This outlook discussion is intended to provide broad insight into the Company’s near-term earnings and cash flow generation prospects. The Company expects diluted earnings per share to approximate $6.00 to $6.20 in 2016, with free cash flow conversion, defined as free cash flow divided by net income, approximating 100%. The 2016 outlook assumes organic sales growth of 3% resulting in approximately $0.45 to $0.50 of diluted earnings per share accretion. Commodity deflation, cost actions and productivity initiatives are expected to yield approximately $0.45 to $0.50 of diluted earnings per share accretion. The Company anticipates approximately $0.13 of diluted EPS accretion resulting from lower average share count, including approximately $300 million of share repurchases in 2016. Foreign exchange headwinds are expected to continue to negatively impact earnings by approximately $170 to $190 million, or $0.85 to $0.95 of diluted earnings per share. Restructuring charges and the tax rate are expected to be relatively consistent with 2015 levels.

RESULTS OF OPERATIONS

Below is a summary of the Company's operating results at the consolidated level, followed by an overview of business segment performance.

Terminology: The term "organic" is utilized to describe results aside from the impacts of foreign currency fluctuations and acquisitions during their initial 12 months of ownership. This ensures appropriate comparability to operating results of prior periods.

Net Sales: Net sales were $11.172 billion in 2015, down 1% compared to $11.339 billion in 2014. Organic sales volume and pricing provided increases of 5% and 1%, respectively, but were more than offset by a 7% decrease due to negative impacts from foreign currency. In the Tools & Storage segment, organic sales increased 8% compared to 2014 as a result of strong growth across all regions primarily due to share gains from innovative new products and an expanded retail footprint. Net sales in the Security segment decreased 7% compared to 2014 primarily due to foreign currency declines of 7% and lower volumes in North America and emerging markets, which more than offset organic growth in Europe. In the Industrial segment, organic sales grew 2% relative to 2014 due to strong organic growth in the Engineered Fastening business primarily as a result of strong global automotive revenues.

Net sales were $11.339 billion in 2014, up 4% compared to $10.890 billion in 2013. Organic sales and acquisitions (primarily Infastech) provided increases of 5% and 1% in net sales, respectively, while unfavorable effects of foreign currency translation resulted in a decrease of 2% in net sales. In the Tools & Storage segment, organic sales increased 6% compared to 2013 as a result of higher volumes in North America and Europe primarily due to successful new product introductions and an expanded retail footprint, as well as significant market share gains driven by organic growth initiatives. In the Industrial segment, organic sales grew 5% relative to 2013 due to strong organic growth in the Engineered Fastening business. In the Security segment, net sales decreased 2% compared to 2013 due to lower sales volumes in Europe and unfavorable effects of foreign currency translation, which more than offset modest increases in price.

Gross Profit: The Company reported gross profit of $4.072 billion, or 36.4% of net sales, in 2015 compared to $4.103 billion, or 36.2% of net sales, in 2014. The increase in the profit rate reflects favorable impacts from volume leverage, price, productivity, cost actions and commodity deflation, which more than offset significant unfavorable foreign currency fluctuations.

The Company reported gross profit of $4.103 billion, or 36.2% of net sales, in 2014 compared to $3.904 billion, or 35.8% of net sales, in 2013. Merger and acquisition-related charges, which reduced gross profit, were $29.5 million in 2013. Excluding these charges, gross profit was 36.1% of net sales in 2013. The increase in the 2014 profit rate reflects favorable impacts from sales volume, price, supply chain productivity and cost management, which more than offset negative impacts from foreign currency fluctuations and lower Security margins caused by field operations inefficiencies and negative installation and recurring revenue mix.

SG&A Expense: Selling, general and administrative expenses, inclusive of the provision for doubtful accounts ("SG&A"), were $2.486 billion, or 22.3% of net sales, in 2015 compared to $2.596 billion, or 22.9% of net sales, in 2014. The decrease in the SG&A rate reflects the positive impacts of volume leverage and cost controls.

SG&A expenses were $2.596 billion, or 22.9% of net sales, in 2014 compared to $2.691 billion, or 24.7% of net sales in 2013. Within SG&A, merger and acquisition-related compensation costs and integration-related expenses totaled $135.7 million in 2013. Excluding these charges, SG&A was 23.5% of net sales in 2013. The decrease in the SG&A rate was mainly attributable to increased volumes and the positive impacts from headcount reduction actions and the Company's efforts to significantly reduce indirect expenses.

Distribution center costs (i.e. warehousing and fulfillment facility and associated labor costs) are classified within SG&A. This classification may differ from other companies who may report such expenses within cost of sales. Due to diversity in practice, to the extent the classification of these distribution costs differs from other companies, the Company's gross margins may not be comparable. Such distribution costs classified in SG&A amounted to $229.3 million in 2015, $243.2 million in 2014 and $229.5 million in 2013.

Corporate Overhead: The corporate overhead element of SG&A and gross profit, which is not allocated to the business segments, amounted to $164.0 million in 2015, $177.4 million in 2014 and $254.0 million in 2013. The decrease in 2015 compared to 2014 reflects the positive impacts from the Company's effort to reduce certain indirect expenses. Corporate overhead in 2013 included $89.4 million of merger and acquisition-related charges. Corporate overhead, excluding the 2013 merger and acquisition-related charges, represented 1.5%, 1.6%, and 1.5% of net sales in 2015, 2014 and 2013, respectively.

Other-net: Other-net totaled $222.0 million of expense in 2015 compared to $239.7 million of expense in 2014. The decrease was primarily driven by lower amortization expense partially offset by negative impacts of foreign currency.

Other-net amounted to $239.7 million of expense in 2014 compared to $283.9 million of expense in 2013. The decrease was primarily driven by lower amortization expense and acquisition-related costs in 2014 as compared to 2013.

Gain/Loss on Debt Extinguishment: During the fourth quarter of 2014, the Company extinguished $45.7 million of its notes payable and recognized a net pre-tax gain of $0.1 million on extinguishment. During the fourth quarter of 2013, the Company extinguished $300 million of its notes payable and recognized a $20.6 million pre-tax loss on extinguishment.

Interest, net: Net interest expense in 2015 was $165.2 million compared to $163.6 million in 2014 and $147.3 million in 2013. The increase in net interest expense in 2015 versus 2014 was primarily attributable to the termination of interest rate swaps in 2014 hedging the Company's $400 million 5.20% notes due 2040. The increase in net interest expense in 2014 versus 2013 mainly relates to interest costs associated with the issuance of debt in the fourth quarter of 2013, partially offset by higher interest income.

Income Taxes: The Company's effective tax rate was 21.6% in 2015, 20.9% in 2014, and 11.7% in 2013. The effective tax rate in 2015 differed from the U.S. statutory rate primarily due to a portion of the Company's earnings being realized in lower-taxed foreign jurisdictions, adjustments to tax positions relating to undistributed foreign earnings, and reversals of valuation allowances for certain foreign and U.S. state net operating losses, which have become realizable. The effective tax rate in 2014 differed from the U.S. statutory rate primarily due to a portion of the Company's earnings being realized in lower-taxed foreign jurisdictions, the passage of U.S. tax legislation, settlement of various income tax audits and the reversal of valuation allowances for certain foreign net operating losses which have become realizable. The effective tax rate in 2013 differed from the U.S. statutory rate primarily due to a portion of the Company's earnings being realized in lower-taxed foreign jurisdictions, the acceleration of certain tax credits, the recurring benefit of various foreign business integration structures and the reversal of certain foreign and U.S. state uncertain tax position reserves, related largely to statute expiration.

Business Segment Results

The Company’s reportable segments are aggregations of businesses that have similar products, services and end markets, among other factors. The Company utilizes segment profit (which is defined as net sales minus cost of sales and SG&A aside from corporate overhead expense), and segment profit as a percentage of net sales to assess the profitability of each segment. Segment profit excludes the corporate overhead expense element of SG&A, Other-net (inclusive of intangible asset amortization expense), restructuring charges, interest income, interest expense, and income tax expense. Corporate overhead is comprised of world headquarters facility expense, cost for the executive management team and the expense pertaining to certain centralized functions that benefit the entire Company but are not directly attributable to the businesses, such as legal and corporate finance functions. Refer to *Note O, Restructuring Charges and Asset Impairments,* and *Note F, Goodwill and Intangible Assets*, for the amount of net restructuring charges and intangibles amortization expense, respectively, attributable to each segment.

As previously discussed, in the first quarter of 2015, the Company combined the Construction & Do-It-Yourself ("CDIY") business with certain complementary elements of the Industrial and Automotive Repair ("IAR") and Healthcare businesses (formerly part of the Industrial and Security segments, respectively) to form one Tools & Storage business. The Company recast segment net sales and profit for 2014 and 2013 to align with this change in organizational structure. There was no impact to the consolidated financial statements of the Company as a result of this change.

The Company classifies its business into three reportable segments, which also represent its operating segments: Tools & Storage, Security and Industrial.

Tools & Storage:

The Tools & Storage segment is comprised of the Power Tools and Hand Tools & Storage businesses. The Power Tools business includes professional products, consumer products and power tool accessories. Professional products include professional grade corded and cordless electric power tools and equipment including drills, impact wrenches and drivers, grinders, saws, routers and sanders, as well as pneumatic tools and fasteners including nail guns, nails, staplers, and staples, concrete and masonry anchors. Consumer products include corded and cordless electric power tools sold primarily under the BLACK+DECKER brand, lawn and garden products including hedge trimmers, string trimmers, lawn mowers, edgers, and related accessories and home products such as hand held vacuums, paint tools and cleaning appliances. Power tool accessories include drill bits, router bits, abrasives and saw blades. The Hand Tools & Storage business sells measuring, leveling and layout tools, planes, hammers, demolition tools, knives, saws, chisels and industrial and automotive tools. Storage products include tool boxes, sawhorses, medical cabinets and engineered storage solution products.

(Millions of Dollars)	2015	2014	2013
Net sales	**$ 7,141**	$ 7,033	$ 6,705
Segment profit	**$ 1,170**	$ 1,074	$ 952
% of Net sales	**16.4%**	15.3%	14.2%

Tools & Storage net sales increased $107.7 million, or 2%, in 2015 compared to 2014. Organic sales increased 8% primarily due to organic growth of 11% in North America, 7% in Europe, and 3% in emerging markets, while unfavorable effects of foreign currency decreased net sales by 6%. Share gains from innovative new products and brand extensions combined with a healthy underlying U.S. tool market fueled growth in North America despite downward pressure in the industrial channels and Canada. Europe achieved above-market organic growth due to share gains from new products, an expanded retail footprint and solid commercial momentum. Organic growth within the emerging markets was driven by favorable impacts of pricing and successful mid-price-point product releases, which more than offset weakness in certain markets, particularly Russia and China.

Segment profit amounted to $1,170.1 million, or 16.4% of net sales, in 2015 compared to $1,074.4 million, or 15.3% of net sales, in 2014. The increase in segment profit year-over-year was primarily driven by volume leverage, price, productivity, cost management and lower commodity prices, which more than offset significant foreign currency headwinds.

Tools & Storage net sales increased $328.0 million, or 5%, in 2014 compared with 2013. Organic sales and acquisitions provided increases of 6% and 1%, respectively, while unfavorable effects of foreign currency decreased net sales by 2%. North America achieved 8% organic growth driven primarily by new product introductions and expanded retail offerings and partnerships on top of a healthy underlying tool market. Organic sales in Europe increased 7% year-over-year due to successful new product introductions and an expanding retail footprint, which helped generate market share gains in spite of continued challenging economic conditions. Emerging markets grew 4% organically in 2014 bolstered by new product launches in the mid-price point segment despite persistently volatile economic conditions across all emerging markets.

Segment profit amounted to $1,074.4 million, or 15.3% of net sales, in 2014 compared to $951.7 million, or 14.2% of net sales, in 2013. Excluding $17.9 million in merger and acquisition-related charges, segment profit totaled $969.6 million, or 14.5% of net sales, in 2013. The increase in segment profit year-over-year was primarily driven by positive impacts during 2014 from volume, productivity and SG&A cost reductions, which more than offset the negative impacts from foreign currency.

Security:

The Security segment is comprised of the CSS and the Mechanical Access Solutions ("MAS") businesses. The CSS business designs, supplies and installs electronic security systems and provides electronic security services, including alarm monitoring, video surveillance, fire alarm monitoring, systems integration and system maintenance. Purchasers of these systems typically contract for ongoing security systems monitoring and maintenance at the time of initial equipment installation. The business also includes healthcare solutions, which include asset tracking solutions, infant protection, pediatric protection, patient protection, wander management, fall management, and emergency call products. The MAS business sells automatic doors, commercial hardware, locking mechanisms, electronic keyless entry systems, keying systems, tubular and mortise door locksets.

(Millions of Dollars)	2015	2014	2013
Net sales	**$ 2,093**	$ 2,261	$ 2,296
Segment profit	**$ 240**	$ 259	$ 235
% of Net sales	**11.4%**	11.5%	10.2%

Security net sales decreased $168.3 million, or 7%, in 2015 compared to 2014. Organic sales were relatively flat year-over-year while foreign currency fluctuations resulted in a 7% decrease in net sales. Organic growth of 3% in Europe was primarily driven by higher installation revenues in a number of countries and a stable recurring revenue portfolio. North America organic sales were relatively flat year-over-year as modest price increases were offset by lower sales volume within the commercial electronics business as 2014 benefited from a large retail installation. Organic sales declined in emerging markets due to relatively weak market conditions in China.

Segment profit amounted to $239.6 million, or 11.4% of net sales, in 2015 compared to $259.2 million, or 11.5% of net sales, in 2014. The segment profit rate was relatively flat year-over-year as improved operating performance within Europe was offset by field cost inefficiencies within the North America electronics business and the deleveraging impact of lower volumes in emerging markets.

Security net sales decreased $34.7 million, or 2%, in 2014 compared to 2013. Organic sales were relatively flat year-over-year while foreign currency fluctuations resulted in a 2% decrease in net sales. Organic growth of 1% in North America and emerging markets was primarily due to growth within the commercial electronics business as a result of vertical selling solutions and the automatic doors business, partially offset by lower installation and recurring revenues in Europe in addition to declines in the U.S. commercial lock business due to a business model transition.

Segment profit amounted to $259.2 million, or 11.5% of net sales, in 2014 compared to $235.2 million, or 10.2% of net sales, in 2013. Excluding merger and acquisition-related charges of $37.8 million, segment profit was $273.0 million, or 11.9% of net sales, in 2013. The decrease in segment profit rate year-over-year was driven by installation field inefficiencies and negative installation and recurring revenue mix in Europe, which offset improved operating performances in North America and emerging markets.

Industrial:

The Industrial segment is comprised of the Engineered Fastening and Infrastructure businesses. The Engineered Fastening business primarily sells engineered fastening products and systems designed for specific applications. The product lines include stud welding systems, blind rivets and tools, blind inserts and tools, drawn arc weld studs, engineered plastic and mechanical fasteners, self-piercing riveting systems, precision nut running systems, micro fasteners, and high-strength structural fasteners. The Infrastructure business consists of the Oil & Gas and Hydraulics businesses. The Oil & Gas business sells and rents custom pipe handling, joint welding and coating equipment used in the construction of large and small diameter pipelines, and provides pipeline inspection services. The Hydraulics business sells hydraulic tools and accessories.

(Millions of Dollars)	2015	2014	2013
Net sales	**$ 1,938**	$ 2,044	$ 1,889
Segment profit	**$ 340**	$ 351	$ 280
% of Net sales	**17.5%**	17.1%	14.8%

Industrial net sales decreased $106.2 million, or 5%, in 2015 compared with 2014 as organic growth of 2% was more than offset by unfavorable foreign currency of 7%. Engineered Fastening achieved organic growth of 4% during 2015, which was mainly attributable to strong global automotive revenues. Infrastructure organic sales decreased 4% primarily due to lower Hydraulics volumes as a result of difficult scrap steel market conditions, which more than offset modest organic growth in Oil & Gas.

Segment profit totaled $339.9 million, or 17.5% of net sales, in 2015 compared to $350.6 million, or 17.1% of net sales, in 2014. The year-over-year increase in segment profit rate was primarily due to favorable volume leverage from Engineered Fastening, productivity gains and cost controls, which more than offset negative impacts from foreign currency and lower Hydraulics volumes.

Industrial net sales increased $155.8 million, or 8%, in 2014 compared with 2013. Organic sales and acquisitions (primarily Infastech) provided increases of 5% and 4% in net sales, respectively, while unfavorable effects of foreign currency translation decreased net sales by 1%. Engineered Fastening achieved organic growth of 7%, which was mainly attributable to strong global automotive and electronic revenues. Infrastructure organic sales were relatively flat year-over-year as solid Hydraulics growth was offset by lower volumes in Oil & Gas due primarily to project delays resulting from geopolitical situations in certain emerging markets as well as the recent contraction in oil prices and resulting slowdown in pipeline construction.

Segment profit totaled $350.6 million, or 17.1% of net sales, in 2014 compared to $280.2 million, or 14.8% of net sales, in 2013. Excluding $20.1 million of merger and acquisition-related charges, segment profit was $300.3 million, or 15.9% of net sales, in 2013. The year-over-year increase in segment profit rate was primarily due to favorable volume leverage, price, supply chain productivity gains and SG&A cost controls, partially offset by negative impacts from foreign currency fluctuations.

RESTRUCTURING ACTIVITIES

A summary of the restructuring reserve activity from January 3, 2015 to January 2, 2016 is as follows (in millions):

	1/3/2015	Net Additions	Usage	Currency	1/2/2016
Severance and related costs	$ 81.2	$ 32.7	$ (66.5)	$ (3.1)	**$ 44.3**
Facility closures and asset impairments	16.4	14.9	(16.6)	(0.3)	**14.4**
Total	$ 97.6	$ 47.6	$ (83.1)	$ (3.4)	**$ 58.7**

During 2015, the Company recognized net restructuring charges and asset impairments of $47.6 million. Net severance charges totaled $32.7 million relating to the reduction of approximately 1,300 employees. The Company also recognized $5.1 million of facility closure costs and $9.8 million of asset impairments. The Company expects the 2015 actions to result in annual net cost savings of approximately $44 million by the end of 2016, primarily in the Security and Industrial segments.

The majority of the $58.7 million reserves remaining as of January 2, 2016 is expected to be utilized within the next twelve months.

During 2014, the Company recognized $18.8 million of net restructuring charges. Net severance charges totaled $15.1 million and related to cost reductions associated with the severance of employees. Also included in net restructuring charges were facility closure costs of $3.7 million. The 2014 actions resulted in annual net cost savings of approximately $50 million in 2015, which was primarily related to the Tools & Storage segment.

During 2013, the Company recognized $173.7 million of net restructuring charges primarily associated with the Black & Decker merger, Niscayah and other acquisitions, as well as other cost reduction actions. Of those charges, $175.6 million related to severance charges associated with the reduction of approximately 2,650 employees, which was partially offset by reversals of $48.7 million primarily due to the termination of a previously approved restructuring action due to a shifting political and economic landscape in certain European countries. Also, included in those charges were facility closure costs of $28.1 million and asset impairment charges of $18.7 million. These 2013 restructuring actions have resulted in annual net cost savings of approximately $210 million, primarily in the Security segment.

Segments: The $47.6 million restructuring charge for the twelve months ended January 2, 2016 includes: $17.6 million of net charges pertaining to the Tools & Storage segment; $28.7 million of net charges pertaining to the Security segment; $12.0 million of net charges pertaining to the Industrial segment; and $10.7 million of net reserve reductions pertaining to Corporate.

FINANCIAL CONDITION

Liquidity, Sources and Uses of Capital: The Company's primary sources of liquidity are cash flows generated from operations and available lines of credit under various credit facilities. The Company's cash flows are presented on a consolidated basis and include cash flows from discontinued operations.

Operating Activities: Cash flows from operations were $1.182 billion in 2015 compared to $1.296 billion in 2014, representing a $114 million decrease. The year-over-year decrease was primarily due to higher outflows from working capital (accounts receivable, inventory, accounts payable and deferred revenue) as a result of lower than expected sales volumes in the fourth quarter of 2015.

In 2014, cash flows from operations were $1.296 billion, a $428 million increase compared to $868 million in 2013. The year-over-year increase was primarily driven by an increase in earnings and lower one-time restructuring and related payments, partially offset by higher employee benefit plan contributions. Furthermore, operating cash flows in 2014 were positively impacted by an increase in working capital turns from 8.1 at December 28, 2013 to 9.2 at January 3, 2015, demonstrating the continued success of SFS.

Free Cash Flow: Management considers free cash flow an important indicator of its liquidity, as well as its ability to fund future growth and provide dividends to shareowners. Free cash flow does not include deductions for mandatory debt service, other borrowing activity, discretionary dividends on the Company's common stock and business acquisitions, among other items.

(Millions of Dollars)	2015	2014	2013
Net cash provided by operating activities	**$ 1,182**	$ 1,296	$ 868
Less: capital expenditures	**(311)**	(291)	(340)
Free cash flow	**$ 871**	$ 1,005	$ 528

Investing Activities: Cash flows used in investing activities were $205 million in 2015, primarily due to capital and software expenditures of $311 million, partially offset by $137 million of cash proceeds related to net investment hedge settlements, which were primarily driven by the significant fluctuations in foreign currency rates during 2015 associated with foreign exchange contracts hedging a portion of the Company's pound sterling and Canadian dollar denominated net investments.

Cash flows used in investing activities in 2014 totaled $382 million, which primarily consisted of capital and software expenditures of $291 million and payments related to net investment hedge settlements of $61 million. The decrease in capital expenditures in 2014 as compared to 2013 was driven by management's continued focus to control spend in this area as well as lower integration-related capital expenditures. The payments related to net investment hedge settlements were mainly driven by the significant fluctuations in foreign currency rates during 2014 associated with foreign exchange contracts hedging a portion of the Company's pound sterling denominated net investment.

Cash flows used in investing activities in 2013 totaled $1.198 billion primarily due to capital and software expenditures of $340 million and acquisition spending of $934 million, which was mainly driven by the purchases of Infastech for $826 million, net of cash acquired, and GQ for $49 million, net of cash acquired. The Company also received net proceeds of $94 million in 2013 related to the Second Closing of the HHI sale.

Financing Activities: Cash flows used in financing activities were $876 million in 2015, primarily due to the repurchase of 6.6 million common shares for $650 million and cash payments for dividends of $320 million, partially offset by proceeds from issuances of common stock of $164 million, which mainly related to the exercises of stock options. The increase in dividends in 2015 was primarily attributable to the increase in quarterly dividends per common share to $0.55 per share. The dividend paid to shareholders of record in December 2015 extended the Company's record for the longest consecutive annual and quarterly dividend payments among industrial companies listed on the New York Stock Exchange. The Company also paid approximately $34 million in December 2015 to purchase the remaining 40% interest in GQ.

Cash flows used in financing activities in 2014 were $766 million, primarily due to net repayments of short-term borrowings of $391 million, cash payments for dividends of $321 million, and payments on long-term debt of $47 million related to the repurchase of $46 million of 2022 Term Notes. In 2014, the Company also terminated $400 million of interest rate swaps hedging the Company's $400 million, 5.20% notes due 2053, which resulted in cash payments of $33.4 million. Proceeds from issuances of common stock totaled $71 million, which was primarily related to stock option exercises.

Cash flows provided by financing activities were $156 million in 2013, which was mainly driven by proceeds from issuances of long-term debt of $727 million, net short-term borrowings of $389 million, and proceeds from issuances of common stock of $155 million, partially offset by payments on long-term debt of $302 million, payment of a forward share purchase contract of $350 million and cash dividend payments of $313 million.

In December 2013, the Company issued $400 million of 5.75% fixed-to-floating junior subordinated debentures bearing interest at a fixed rate of 5.75% and received $392.0 million of net proceeds. Additionally, the Company issued 3,450,000 Equity Units comprised of a 1/10, or 10%, undivided beneficial ownership in a $1,000 principal amount 2.25% junior subordinated note due 2018 and a forward common stock purchase contract in which the Company received $335 million in cash proceeds from the Equity Units, net of underwriting discounts and commission, before offering expenses.

In November 2013, the Company purchased from certain financial institutions “out-of-the-money” capped call options on 12.2 million shares of its common stock (subject to customary anti-dilution adjustments) for an aggregate premium of $74 million, or an average of $6.03 per share. In addition, contemporaneously with the issuance of the Equity Units described above, the Company paid $10 million, or an average of $2.77 per option, to enter into capped call transactions on 3.5 million shares of common stock with a major financial institution.

The $302 million of payments on long-term debt related to the repurchase of $300 million of Black & Decker Corporation 5.75% senior notes, which resulted in the Company paying a premium on the debt extinguishment of $43 million.

In January 2013, the Company elected to prepay the forward share purchase contract for $363 million, comprised of the $350 million purchase price, plus an additional amount related to the forward component of the contract. In August 2013, the Company physically settled the contract, receiving 5.6 million shares and $19 million from the financial institution counterparty representing a purchase price adjustment.

Fluctuations in foreign currency rates negatively impacted cash by $133 million, $147 million and $45 million in 2015, 2014 and 2013, respectively. These negative impacts were primarily driven by the continued strengthening of the U.S. Dollar, against the Company's other currencies.

Refer to *Note H, Long-Term Debt and Financing Arrangements*, and *Note J, Capital Stock*, for further discussion regarding the Company's debt and equity arrangements.

Credit Ratings and Liquidity:

The Company maintains strong investment grade credit ratings from the major U.S. rating agencies on its senior unsecured debt (S&P A, Fitch A-, Moody's Baa1), as well as its commercial paper program (S&P A-1, Fitch F2, Moody's P-2). There have been no changes to any of the ratings during 2015. Failure to maintain strong investment grade rating levels could adversely affect the Company's cost of funds, liquidity and access to capital markets, but would not have an adverse effect on the Company's ability to access committed credit facilities.

Cash and cash equivalents totaled $465 million as of January 2, 2016, comprised of $131 million in the U.S. and $334 million in foreign jurisdictions. As of January 3, 2015 cash and cash equivalents totaled $497 million, comprised of $46 million in the U.S. and $451 million in foreign jurisdictions. Concurrent with the Black & Decker merger, the Company made a determination to repatriate certain legacy Black & Decker foreign earnings, on which U.S. income taxes had not previously been provided. As a result of this repatriation decision, the Company has recorded approximately $320 million of associated deferred tax liabilities at January 2, 2016. Current plans and liquidity requirements do not demonstrate a need to repatriate other foreign earnings. Accordingly, all other undistributed foreign earnings of the Company are considered to be permanently reinvested, or will be remitted substantially free of additional tax, consistent with the Company's overall growth strategy internationally, including acquisitions and long-term financial objectives. No provision has been made for taxes that might be payable upon remittance of these undistributed foreign earnings. However, should management determine at a later point to repatriate additional foreign earnings, the Company would be required to accrue and pay taxes at that time.

In December 2015, the Company amended and restated its existing five-year $1.5 billion committed credit facility with the concurrent execution of a new five-year $1.75 billion committed credit facility (the "Credit Agreement"). Borrowings under the Credit Agreement may include U.S. Dollars up to the $1.75 billion commitment or in Euro or Pounds Sterling subject to a foreign currency sub-limit of $400.0 million and bear interest at a floating rate dependent upon the denomination of the borrowing. Repayments must be made on December 18, 2020 or upon an earlier termination date of the Credit Agreement, at the election of the Company. The Credit Agreement is designated to be a liquidity back-stop for the Company's $2.0 billion commercial paper program. As of January 2, 2016, the Company has not drawn on this commitment.

In addition, the Company has short-term lines of credit that are primarily uncommitted, with numerous banks, aggregating $743.8 million, of which $644.1 million was available at January 2, 2016. Short-term arrangements are reviewed annually for renewal.

At January 2, 2016, the aggregate amount of committed and uncommitted, long- and short-term lines was $2.7 billion, of which $2.5 million was recorded as short-term borrowings at January 2, 2016 excluding commercial paper borrowings outstanding. In addition, $99.8 million of the short-term credit lines was utilized primarily pertaining to outstanding letters of credit for which there are no required or reported debt balances. The weighted average interest rates on short-term borrowings, primarily commercial paper, for the fiscal years ended January 2, 2016 and January 3, 2015 were 0.4% and 0.2%, respectively.

In March 2015, the Company entered into a forward share purchase contract on its common stock. The contract obligates the Company to pay $350.0 million, plus an additional amount related to the forward component of the contract, to the financial institution counterparty not later than March 2017, or earlier at the Company's option, for the 3,645,510 shares purchased. In October 2014, the Company entered into a forward share purchase contract on its common stock that obligates the Company to pay $150.0 million, plus an additional amount related to the forward component of the contract, to the financial institution counterparty not later than October 2016, or earlier at the Company's option, for the 1,603,822 shares purchased.

On February 10, 2015, the Company net-share settled 9.1 million of the 12.2 million capped call options on its common stock and received 911,077 shares using an average reference price of $96.46 per common share. Additionally, the Company purchased 3,381,162 shares directly from the counterparties participating in the net-share settlement of the capped call options for $326.1 million, equating to an average price of $96.46 per share. In February 2016, the Company net-share settled the remaining 3.1 million capped call options on its common stock and received 293,142 shares using an average reference price of $94.34 per common share. Additionally, the Company purchased 1,316,858 shares directly from the counterparty participating in the net-share settlement for $124.2 million. The Company also repurchased 2,446,287 shares of common stock in February 2016 for $230.9 million, equating to an average price of $94.34.

On December 3, 2013, the Company issued $400.0 million 5.75% fixed-to-floating rate junior subordinated debentures maturing December 15, 2053 ("2053 Junior Subordinated Debentures") that bear interest at a fixed rate of 5.75% per annum, up to, but excluding December 15, 2018. From and including December 15, 2018, the 2053 Junior Subordinated Debentures will bear interest at an annual rate equal to three-month LIBOR plus 4.304%. The debentures subordination and long tenor provides significant credit protection measures for senior creditors and as a result, the debentures were awarded a 50% equity credit by S&P and Fitch, and 25% equity credit by Moody's. The net proceeds of $392.0 million from the offering were primarily used to repay commercial paper borrowings.

On December 3, 2013, the Company issued 3,450,000 Equity Units (the "Equity Units"), each with a stated value of $100 which are initially comprised of a 1/10, or 10%, undivided beneficial ownership in a $1,000 principal amount 2.25% junior subordinated note due 2018 and a forward common stock purchase contract (the "Equity Purchase Contract"). Each Equity Purchase Contract obligates the holders to purchase on November 17, 2016 approximately 3.5 to 4.3 million common shares. The subordination of the notes in the Equity Units combined with the Equity Purchase Contracts resulted in the Equity Units being awarded a 100% equity credit by S&P, and 50% equity credit by Moody's. The Company received approximately $334.7 million in cash proceeds from the Equity Units, net of underwriting discounts and commission, before offering expenses, and recorded $345.0 million in long-term debt. The proceeds were used primarily to repay commercial paper borrowings. Upon settlement of the Equity Purchase Contracts on November 17, 2016, the Company will receive additional cash proceeds or debt extinguishment of $345.0 million.

In November 2010, the Company issued Convertible Preferred Units comprised of $632.5 million of Notes due November 17, 2018 and Purchase Contracts, which obligated the holders to purchase, on November 17, 2015, 6.3 million shares, for $100 per share, of the Company's 4.75% Series B Cumulative Convertible Preferred Stock (the "Convertible Preferred Stock"). In accordance with the Purchase Contracts, on November 17, 2015, the Company issued 6.3 million shares of Convertible Preferred Stock and received cash proceeds of $632.5 million. On November 18, 2015, the Company informed holders that it would redeem all outstanding shares of Convertible Preferred Stock on December 24, 2015 (the "Redemption Date") at $100.49 per share in cash (the "Redemption Price"), which is equal to the liquidation preference of $100 per share of Convertible Preferred Stock, plus all accrued and unpaid dividends thereon to, but excluding, the Redemption Date. The Company redeemed the Convertible Preferred Stock and settled all conversions on December 24, 2015 by paying cash for the $100 par value per share of Convertible Preferred Stock, or $632.5 million in total, and issuing 2.9 million common shares for the excess value of the conversion feature above the $100 face value per share of Convertible Preferred Stock.

Refer to *Note H, Long-Term Debt and Financing Arrangements*, and *Note J, Capital Stock*, for further discussion regarding the Company's debt and equity arrangements.

Contractual Obligations: The following table summarizes the Company's significant contractual obligations and commitments that impact its liquidity:

	Payments Due by Period				
(Millions of Dollars)	**Total**	**2016**	**2017 – 2018**	**2019 – 2020**	**Thereafter**
Long-term debt (a)	$ 3,851	$ 5	$ 985	$ 6	$ 2,855
Interest payments on long-term debt (b)	3,395	156	311	266	2,662
Operating leases	251	73	98	51	29
Inventory purchase commitments (c)	274	274	—	—	—
Deferred compensation	25	1	2	2	20
Marketing obligations	69	27	35	7	—
Derivatives (d)	37	—	37	—	—
Forward stock purchase contracts (e)	500	150	350	—	—
Pension funding obligations (f)	52	52	—	—	—
Contract adjustment fees (g)	14	14	—	—	—
Total contractual cash obligations	$ 8,468	$ 752	$ 1,818	$ 332	$ 5,566

(a) Future payments on long-term debt encompass all payments related to aggregate debt maturities, excluding certain fair value adjustments included in long-term debt, as discussed further in *Note H, Long-Term Debt and Financing Arrangements*.
(b) Future interest payments on long-term debt reflect the applicable fixed interest rate or variable rate for floating rate debt in effect at January 2, 2016.
(c) Inventory purchase commitments primarily consist of open purchase orders to purchase raw materials, components, and sourced products.
(d) Future cash flows on derivative instruments reflect the fair value and accrued interest as of January 2, 2016. The ultimate cash flows on these instruments will differ, perhaps significantly, based on applicable market interest and foreign currency rates at their maturity.
(e) In October 2014 and March 2015, the Company entered into forward share purchase contracts which obligate the Company to pay $150.0 million and $350.0 million, respectively, plus additional amounts related to the forward component of the contracts to the respective financial institution counterparties not later than October 2016 or March 2017, respectively, or earlier at the Company's option. See *Note J. Capital Stock* for further discussion.

(f) This amount principally represents contributions either required by regulations or laws or, with respect to unfunded plans, necessary to fund current benefits. The Company has not presented estimated pension and post-retirement funding beyond 2016 as funding can vary significantly from year to year based upon changes in the fair value of the plan assets, actuarial assumptions, and curtailment/settlement actions.

(g) These amounts represent future contract adjustment payments to holders of the Company's Equity Purchase Contracts. See *Note H, Long-Term Debt and Financing Arrangements* for further discussion.

To the extent the Company can reliably determine when payments will occur pertaining to unrecognized tax liabilities, the related amount will be included in the table above. However, due to the high degree of uncertainty regarding the timing of potential future cash flows associated with the $343.9 million of such liabilities at January 2, 2016, the Company is unable to make a reliable estimate of when (if at all) amounts may be paid to the respective taxing authorities.

Aside from debt payments, for which there is no tax benefit associated with repayment of principal, tax obligations and the equity purchase contract fees, payment of the above contractual obligations will typically generate a cash tax benefit such that the net cash outflow will be lower than the gross amounts summarized above.

Other Significant Commercial Commitments:

	Amount of Commitment Expirations Per Period				
(Millions of Dollars)	**Total**	**2016**	**2017-2018**	**2019-2020**	**Thereafter**
U.S. lines of credit	$ 1,750	$ —	$ —	$ 1,750	$ —

Short-term borrowings, long-term debt and lines of credit are explained in detail within *Note H, Long-Term Debt and Financing Arrangements*.

MARKET RISK

Market risk is the potential economic loss that may result from adverse changes in the fair value of financial instruments, currencies, commodities and other items traded in global markets. The Company is exposed to market risk from changes in foreign currency exchange rates, interest rates, stock prices, bond prices and commodity prices, amongst others.

Exposure to foreign currency risk results because the Company, through its global businesses, enters into transactions and makes investments denominated in multiple currencies. The Company’s predominant currency exposures are related to the Euro, Canadian Dollar, British Pound, Australian Dollar, Brazilian Real, Argentine Peso, the Chinese Renminbi (“RMB”) and the Taiwan Dollar. Certain cross-currency trade flows arising from sales and procurement activities, as well as affiliate cross-border activity, are consolidated and netted prior to obtaining risk protection through the use of various derivative financial instruments which may include: purchased basket options, purchased options, collars, cross currency swaps and currency forwards. The Company is thus able to capitalize on its global positioning by taking advantage of naturally offsetting exposures and portfolio efficiencies to reduce the cost of purchasing derivative protection. At times, the Company also enters into forward exchange contracts and purchases options to reduce the earnings and cash flow impact of non-functional currency denominated receivables and payables, primarily for affiliate transactions. Gains and losses from these hedging instruments offset the gains or losses on the underlying net exposures (the assets and liabilities being hedged). Management determines the nature and extent of currency hedging activities, and in certain cases, may elect to allow certain currency exposures to remain un-hedged. The Company may also enter into cross-currency swaps and forward contracts to hedge the net investments in certain subsidiaries and better match the cash flows of operations to debt service requirements. Management estimates the foreign currency impact from its derivative financial instruments outstanding at the end of 2015 would have been approximately $27 million pre-tax loss based on a hypothetical 10% adverse movement in all net derivative currency positions; this effect would occur from the strengthening of foreign currencies relative to the U.S. dollar. The Company follows risk management policies in executing derivative financial instrument transactions, and does not use such instruments for speculative purposes. The Company generally does not hedge the translation of its non-U.S. dollar earnings in foreign subsidiaries, but may choose to do so in certain instances.

As mentioned above, the Company routinely has cross-border trade and affiliate flows that cause an impact on earnings from foreign exchange rate movements. The Company is also exposed to currency fluctuation volatility from the translation of foreign earnings into U.S. dollars and the economic impact of foreign currency volatility on monetary assets held in foreign currencies. It is more difficult to quantify the transactional effects from currency fluctuations than the translational effects. Aside from the use of derivative instruments, which may be used to mitigate some of the exposure, transactional effects can potentially be influenced by actions the Company may take. For example, if an exposure occurs from a European entity sourcing product from a U.S. supplier it may be possible to change to a European supplier. Management estimates the combined translational and transactional impact, on pre-tax earnings, of a 10% overall movement in exchange rates is approximately $132 million, or approximately $0.68 per diluted share. In 2015, translational and transactional foreign currency fluctuations negatively impacted pre-tax earnings by approximately $220 million and diluted earnings per share by approximately $1.13.

The Company's exposure to interest rate risk results from its outstanding debt and derivative obligations, short-term investments, and derivative financial instruments employed in the management of its debt portfolio. The debt portfolio including both trade and affiliate debt, is managed to achieve capital structure targets and reduce the overall cost of borrowing by using a combination of fixed and floating rate debt as well as interest rate swaps, and cross-currency swaps.

The Company's primary exposure to interest rate risk comes from its floating rate debt and derivatives in the U.S. and is fairly represented by changes in LIBOR rates. At January 2, 2016, the impact of a hypothetical 10% increase in the interest rates associated with the Company's floating rate derivative and debt instruments would have an immaterial effect on the Company's financial position and results of operations.

The Company has exposure to commodity prices in many businesses, particularly brass, nickel, resin, aluminum, copper, zinc, steel, and energy used in the production of finished goods. Generally, commodity price exposures are not hedged with derivative financial instruments, but instead are actively managed through customer product and service pricing actions, procurement-driven cost reduction initiatives and other productivity improvement projects.

Fluctuations in the fair value of the Company's common stock affect domestic retirement plan expense as discussed below in the Employee Stock Ownership Plan section of MD&A. Additionally, the Company has $59 million of liabilities as of January 2, 2016 pertaining to unfunded defined contribution plans for certain U.S. employees for which there is mark-to-market exposure.

The assets held by the Company's defined benefit plans are exposed to fluctuations in the market value of securities, primarily global stocks and fixed-income securities. The funding obligations for these plans would increase in the event of adverse changes in the plan asset values, although such funding would occur over a period of many years. In 2015, 2014 and 2013, there was an $11.0 million decrease and $285 million and $102 million increase, respectively, in investment returns on pension plan assets. The Company expects funding obligations on its defined benefit plans to be approximately $52 million in 2016. The Company employs diversified asset allocations to help mitigate this risk. Management has worked to minimize this exposure by freezing and terminating defined benefit plans where appropriate.

The Company has access to financial resources and borrowing capabilities around the world. There are no instruments within the debt structure that would accelerate payment requirements due to a change in credit rating.

The Company's existing credit facilities and sources of liquidity, including operating cash flows, are considered more than adequate to conduct business as normal. Accordingly, based on present conditions and past history, management believes it is unlikely that operations will be materially affected by any potential deterioration of the general credit markets that may occur. The Company believes that its strong financial position, operating cash flows, committed long-term credit facilities and borrowing capacity, and ready access to equity markets provide the financial flexibility necessary to continue its record of annual dividend payments, to invest in the routine needs of its businesses, to make strategic acquisitions and to fund other initiatives encompassed by its growth strategy and maintain its strong investment grade credit ratings.

OTHER MATTERS

Employee Stock Ownership Plan As detailed in *Note L, Employee Benefit Plans*, the Company has an ESOP under which the ongoing U.S. Core and 401(k) defined contribution plans are funded. Overall ESOP expense is affected by the market value of the Company's stock on the monthly dates when shares are released, among other factors. The Company's net ESOP activity resulted in expense of $0.8 million in 2015, $0.7 million in 2014, and $1.9 million in 2013. ESOP expense could increase in the future if the market value of the Company's common stock declines.

CRITICAL ACCOUNTING ESTIMATES — Preparation of the Company's Consolidated Financial Statements requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses. Significant accounting policies used in the preparation of the Consolidated Financial Statements are described in *Note A, Significant Accounting Policies*. Management believes the most complex and sensitive judgments, because of their significance to the Consolidated Financial Statements, result primarily from the need to make estimates about the effects of matters with inherent uncertainty. The most significant areas involving management estimates are described below. Actual results in these areas could differ from management's estimates.

ALLOWANCE FOR DOUBTFUL ACCOUNTS — The Company's estimate for its allowance for doubtful accounts related to trade receivables is based on two methods. The amounts calculated from each of these methods are combined to determine the total amount reserved. First, a specific reserve is established for individual accounts where information indicates the customers may have an inability to meet financial obligations. In these cases, management uses its judgment, based on the surrounding facts and circumstances, to record a specific reserve for those customers against amounts due to reduce the receivable to the amount expected to be collected. These specific reserves are reevaluated and adjusted as additional information is received. Second, a reserve is determined for all customers based on a range of percentages applied to receivable aging categories. These percentages are based on historical collection and write-off experience.

If circumstances change, for example, due to the occurrence of higher-than-expected defaults or a significant adverse change in a major customer's ability to meet its financial obligation to the Company, estimates of the recoverability of receivable amounts due could be reduced.

INVENTORIES - LOWER OF COST OR MARKET, SLOW MOVING AND OBSOLETE — Inventories in the U.S. are predominantly valued at the lower of Last-In First-Out ("LIFO") cost or market, while non-U.S. inventories are valued at the lower of First-In, First-Out ("FIFO") cost or market. The calculation of LIFO reserves, and therefore the net inventory valuation, is affected by inflation and deflation in inventory components. The Company ensures all inventory is valued at the lower of cost or market, and continually reviews the carrying value of discontinued product lines and stock-keeping-units ("SKUs") to determine that these items are properly valued. The Company also continually evaluates the composition of its inventory and identifies obsolete and/or slow-moving inventories. Inventory items identified as obsolete and/or slow-moving are evaluated to determine if write-downs are required. The Company assesses the ability to dispose of these inventories at a price greater than cost. If it is determined that cost is less than market value, cost is used for inventory valuation. If market value is less than cost, the Company writes down the related inventory to that value. If a write-down to the current market value is necessary, the market value cannot be greater than the net realizable value, or ceiling (defined as selling price less costs to sell and dispose), and cannot be lower than the net realizable value less a normal profit margin, also called the floor. If the Company is not able to achieve its expectations regarding net realizable value of inventory at its current value, further write-downs would be recorded.

GOODWILL AND INTANGIBLE ASSETS — The Company acquires businesses in purchase transactions that result in the recognition of goodwill and intangible assets. The determination of the value of intangible assets requires management to make estimates and assumptions. In accordance with ASC 350-20, "Goodwill," acquired goodwill and indefinite-lived intangible assets are not amortized but are subject to impairment testing at least annually or when an event occurs or circumstances change that indicate it is more-likely-than-not an impairment exists. Definite-lived intangible assets are amortized and are tested for impairment when an event occurs or circumstances change that indicate it is more-likely-than-not that an impairment exists. Goodwill represents costs in excess of fair values assigned to the underlying net assets of acquired businesses. The Company reported $7.084 billion of goodwill, $1.578 billion of indefinite-lived trade names and $0.964 billion of definite-lived intangibles at January 2, 2016.

Management tests goodwill for impairment at the reporting unit level. A reporting unit is an operating segment as defined in ASC 280, "Segment Reporting," or one level below an operating segment (component level) as determined by the availability of discrete financial information that is regularly reviewed by operating segment management or an aggregate of component levels of an operating segment having similar economic characteristics. If the carrying value of a reporting unit (including the value of goodwill) is greater than its fair value, an impairment may exist. An impairment charge would be recorded to the extent that the recorded value of goodwill exceeded the implied fair value.

During the third quarter of 2015, as required by the Company's policy, goodwill and indefinite-lived trade names were tested for impairment. The Company assessed the fair value of its reporting units based on a discounted cash flow valuation model. The key assumptions applied to the cash flow projections were discount rates, which ranged from 8% to 10.5%, near-term revenue growth rates over the next five years, which ranged from 2% to 10%, and perpetual growth rates ranging from 3% to 3.5%. These assumptions contemplated business, market and overall economic conditions. Based on the results of this testing, the Company determined that the fair values of each of its reporting units exceeded their respective carrying amounts. Furthermore, management performed sensitivity analyses on the fair values resulting from the discounted cash flow valuation models utilizing more conservative assumptions that reflect reasonably likely future changes in the discount rates and perpetual growth rates in each of the reporting units. The discount rates were increased by 100 basis points with no impairment indicated. The perpetual growth rates were decreased by 150 basis points with no impairment indicated.

The fair values of indefinite-lived trade names were also assessed using a discounted cash flow valuation model. The key assumptions used included discount rates, royalty rates, and perpetual growth rates applied to the projected sales. Based on these quantitative impairment tests, the Company determined that the fair values of the indefinite-lived trade names exceeded their respective carrying amounts.

During the fourth quarter of 2015, in connection with its quarterly forecasting cycle, the Company updated the forecasted operating results for each of its businesses based on the most recent financial results and best estimates of future operations. The updated forecasts reflected an expected decline in near-term revenue growth and profitability for the Infrastructure reporting unit within the Industrial segment, primarily due to ongoing difficult market conditions in the oil & gas industry, particularly in certain markets such as China and Russia, as well as continued declines in scrap steel prices. Accordingly, in connection with the preparation of the Consolidated Financial Statements for the year ended January 2, 2016, the Company performed an updated impairment analysis with respect to the Infrastructure reporting unit, which included approximately $273 million of goodwill at year-end. Based on this analysis, which included revised assumptions of near-term revenue growth and profitability levels, it was determined that the fair value of the Infrastructure reporting unit exceeded its carrying value by 13%. Therefore, management concluded it was not more-likely-than-not that an impairment had occurred. Management is confident in the long-term viability and success of the Infrastructure reporting unit based on the strong long-term growth prospects of the markets and geographies served, the intensified focus and investments being made in organic growth initiatives (bolstered by the recently implemented SFS 2.0 program), and Infrastructure's leading market position in its respective industries.

In the event that future operating results of any of the Company's reporting units do not meet current expectations, management, based upon conditions at the time, would consider taking restructuring or other actions as necessary to maximize revenue growth and profitability. Accordingly, the above sensitivity analyses, while useful, should not be used as a sole predictor of potential impairment. A thorough analysis of all the facts and circumstances existing at that time would need to be performed to determine if recording an impairment loss would be appropriate.

DEFINED BENEFIT OBLIGATIONS — The valuation of pension and other postretirement benefits costs and obligations is dependent on various assumptions. These assumptions, which are updated annually, include discount rates, expected return on plan assets, future salary increase rates, and health care cost trend rates. The Company considers current market conditions, including interest rates, to establish these assumptions. Discount rates are developed considering the yields available on high-quality fixed income investments with maturities corresponding to the duration of the related benefit obligations. The Company’s weighted-average discount rates for the United States and international pension plans were 4.25% and 3.25%, respectively, at January 2, 2016. The Company’s weighted-average discount rate for the United States and international pension plans was 3.75% and 3.25%, respectively at January 3, 2015. As discussed further in *Note L, Employee Benefit Plans*, the Company develops the expected return on plan assets considering various factors, which include its targeted asset allocation percentages, historic returns, and expected future returns. The Company’s expected rate of return assumptions for the United States and international pension plans were 6.50% and 5.25%, respectively, at January 2, 2016. The Company will use a 5.60% weighted-average expected rate of return assumption to determine the 2016 net periodic benefit cost. A 25 basis point reduction in the expected rate of return assumption would increase 2016 net periodic benefit cost by approximately $5 million on a pre-tax basis.

The Company believes that the assumptions used are appropriate; however, differences in actual experience or changes in the assumptions may materially affect the Company’s financial position or results of operations. To the extent that actual (newly measured) results differ from the actuarial assumptions, the difference is recognized in accumulated other comprehensive income, and, if in excess of a specified corridor, amortized over future periods. The expected return on plan assets is determined using the expected rate of return and the fair value of plan assets. Accordingly, market fluctuations in the fair value of plan assets can affect the net periodic benefit cost in the following year. The projected benefit obligation for defined benefit plans exceeded the fair value of plan assets by $692 million at January 2, 2016. A 25 basis point reduction in the discount rate would have increased the projected benefit obligation by approximately $85 million at January 2, 2016. The primary Black & Decker U.S pension and post employment benefit plans were curtailed in late 2010, as well as the only material Black & Decker international plan, and in their place the Company implemented defined contribution benefit plans. The vast majority of the projected benefit obligation pertains to plans that have been frozen; the remaining defined benefit plans that are not frozen are predominantly small domestic union plans and those that are statutorily mandated in certain international jurisdictions. The Company recognized $11 million of defined benefit plan expense in 2015, which may fluctuate in future years depending upon various factors including future discount rates and actual returns on plan assets.

ENVIRONMENTAL — The Company incurs costs related to environmental issues as a result of various laws and regulations governing current operations as well as the remediation of previously contaminated sites. Future laws and regulations are expected to be increasingly stringent and will likely increase the Company’s expenditures related to environmental matters.

The Company’s policy is to accrue environmental investigatory and remediation costs for identified sites when it is probable that a liability has been incurred and the amount of loss can be reasonably estimated. The amount of liability recorded is based on an evaluation of currently available facts with respect to each individual site and includes such factors as existing technology, presently enacted laws and regulations, and prior experience in remediation of contaminated sites. The liabilities recorded do not take into account any claims for recoveries from insurance or third parties. As assessments and remediation progress at individual sites, the amounts recorded are reviewed periodically and adjusted to reflect additional technical and legal information that becomes available.

As of January 2, 2016, the Company had reserves of $170.7 million for remediation activities associated with Company-owned properties as well as for Superfund sites, for losses that are probable and estimable. The range of environmental remediation costs that is reasonably possible is $130.4 million to $260.8 million which is subject to change in the near term. The Company may be liable for environmental remediation of sites it no longer owns. Liabilities have been recorded on those sites in accordance with this policy.

INCOME TAXES — Income taxes are accounted for in accordance with ASC 740, "Accounting for Income Taxes," which requires that deferred tax assets and liabilities be recognized, using enacted tax rates, for the effect of temporary differences between the book and tax bases of recorded assets and liabilities. Deferred tax assets, including net operating losses and capital losses, are reduced by a valuation allowance if it is "more likely than not" that some portion or all of the deferred tax assets will not be realized.

In assessing the need for a valuation allowance, the Company considers all positive and negative evidence including: estimates of future taxable income, considering the feasibility of ongoing tax planning strategies, the realizability of tax loss carryforwards and the future reversal of existing temporary differences. Valuation allowances related to deferred tax assets can be impacted by changes to tax laws, changes to statutory tax rates and future taxable income levels. In the event the Company were to determine that it would not be able to realize all or a portion of its deferred tax assets in the future, the unrealizable amount would be charged to earnings in the period in which that determination is made. By contrast, if the Company were to determine that it would be able to realize deferred tax assets in the future in excess of the net carrying amounts, it would decrease the recorded valuation allowance through a favorable adjustment to earnings in the period in which that determination is made.

The Company is subject to income tax in a number of locations, including many state and foreign jurisdictions. Significant judgment is required when calculating its worldwide provision for income taxes. The Company considers many factors when evaluating and estimating its tax positions and tax benefits, which may require periodic adjustments and which may not accurately anticipate actual outcomes. It is reasonably possible that the amount of the unrecognized benefit with respect to certain of the Company's unrecognized tax positions will significantly increase or decrease within the next 12 months. These changes may be the result of settlement of ongoing audits or final decisions in transfer pricing matters. The Company periodically assesses its liabilities and contingencies for all tax years still subject to audit based on the most current available information, which involves inherent uncertainty. For those tax positions where it is more likely than not that a tax benefit will be sustained, the Company has recorded the largest amount of tax benefit with a greater than 50% likelihood of being realized upon ultimate settlement with a taxing authority under the premise that the taxing authority has full knowledge of all relevant information. For those income tax positions where it is not more likely than not that a tax benefit will be sustained, no tax benefit has been recognized in the financial statements. The Company recognizes interest and penalties associated with income taxes as a component of income taxes in the Consolidated Statement of Operations. See *Note Q, Income Taxes* for further discussion.

RISK INSURANCE — To manage its insurance costs efficiently, the Company self insures for certain U.S. business exposures and generally has low deductible plans internationally. For domestic workers' compensation, automobile and product liability (liability for alleged injuries associated with the Company's products), the Company generally purchases insurance coverage only for severe losses that are unlikely, and these lines of insurance involve the most significant accounting estimates. While different self insured retentions, in the form of deductibles and self insurance through its captive insurance company, exist for each of these lines of insurance, the maximum self insured retention is set at no more than $5 million per occurrence. The process of establishing risk insurance reserves includes consideration of actuarial valuations that reflect the Company's specific loss history, actual claims reported, and industry trends among statistical and other factors to estimate the range of reserves required. Risk insurance reserves are comprised of specific reserves for individual claims and additional amounts expected for development of these claims, as well as for incurred but not yet reported claims discounted to present value. The cash outflows related to risk insurance claims are expected to occur over a period of approximately 13 years. The Company believes the liabilities recorded for these U.S. risk insurance reserves, totaling $96 million and $102 million as of January 2, 2016, and January 3, 2015, respectively, are adequate. Due to judgments inherent in the reserve estimation process, it is possible the ultimate costs will differ from this estimate.

WARRANTY — The Company provides product and service warranties which vary across its businesses. The types of warranties offered generally range from one year to limited lifetime, while certain products carry no warranty. Further, the Company sometimes incurs discretionary costs to service its products in connection with product performance issues. Historical warranty and service claim experience forms the basis for warranty obligations recognized. Adjustments are recorded to the warranty liability as new information becomes available. The Company believes the $105 million reserve for expected warranty claims as of January 2, 2016 is adequate, but due to judgments inherent in the reserve estimation process, including forecasting future product reliability levels and costs of repair as well as the estimated age of certain products submitted for claims, the ultimate claim costs may differ from the recorded warranty liability. The Company also establishes a reserve for product recalls on a product-specific basis during the period in which the circumstances giving rise to the recall become known and estimable for both company-initiated actions and those required by regulatory bodies.

OFF-BALANCE SHEET ARRANGEMENT

SYNTHETIC LEASES — The Company is a party to synthetic leasing programs for certain locations, including one of its major distribution centers, as well as certain U.S. personal property, predominantly vehicles and equipment. The programs qualify as operating leases for accounting purposes, such that only the monthly rent expense is recorded in the Statement of Operations and the liability and value of the underlying assets are off-balance sheet.

These lease programs are utilized primarily to reduce overall cost and to retain flexibility. The cash outflows for lease payments approximate the $1 million of rent expense recognized in fiscal 2015. As of January 2, 2016 the estimated fair value of assets and remaining obligations for these properties were $40 million and $34 million, respectively.

CAUTIONARY STATEMENTS UNDER THE PRIVATE SECURITIES LITIGATION REFORM ACT OF 1995

Certain statements contained in this Annual Report on Form 10-K that are not historical, including but not limited to those regarding the Company’s ability to: (i) achieve full year 2016 diluted EPS of approximately $6.00 - $6.20 on a GAAP basis (inclusive of restructuring charges relatively consistent with 2015 levels); (ii) achieve free cash flow conversion of approximately 100% for 2016 ; (iii) reduce its basic share count by the share equivalent of approximately $300 million in 2016; (iv) achieve organic sales growth of 3% in 2016 ; (v) successfully achieve its three-year annual financial targets (“2018 Vision"), which assumes a relatively stable currency environment and approximately $50 million of annual restructuring costs, including: 4-6% organic revenue growth with total revenue growth enhanced by acquisitions; 50-75 basis points of annual operating margin rate improvement to approximately 16% in 2018; 10-12% earnings per share growth including acquisitions (7-9% organic growth); CFROI expansion to 14-15%; progress towards working capital turns of 10 or more; returning approximately 50% of free cash flow to shareholders through a strong and growing dividend as well as opportunistic share repurchases; and deploying the remaining roughly 50% of free cash flow to acquisitions (collectively, the “Results”); are “forward-looking statements” and subject to risk and uncertainty.

The Company’s ability to deliver the Results as described above is based on current expectations and involves inherent risks and uncertainties, including factors listed below and other factors that could delay, divert, or change any of them, and could cause actual outcomes and results to differ materially from current expectations. In addition to the risks, uncertainties and other factors discussed elsewhere herein, the risks, uncertainties and other factors that could cause or contribute to actual results differing materially from those expressed or implied in the forward-looking statements include, without limitation, those set forth under Item 1A Risk Factors hereto and any material changes thereto set forth in any subsequent Quarterly Reports on Form 10-Q, or those contained in the Company’s other filings with the Securities and Exchange Commission, and those set forth below.

The Company’s ability to deliver the Results is dependent, or based, upon: (i) the Company’s ability to generate organic net sales increase of 3% driving approximately $0.45 to $0.50 of EPS accretion in 2016; (ii) the Company’s ability to successfully execute cost actions and productivity initiatives, as well as achieve the anticipated commodity deflation all yielding approximately $0.45 to $0.50 of EPS accretion in 2016; (iii) the Company’s ability to drive an additional $0.13 of EPS accretion from lower average share count due to share repurchases during 2016; (iv) foreign exchange headwinds being approximately $170 - $190 million, or $0.85 to $0.95 of EPS in 2016; (v) the Company’s tax rate being relatively consistent with the 2015 rate; (vi) the Company’s ability to limit one-time restructuring charges to approximately $50 million in 2016; (vii) the Company’s ability to capitalize on operational improvements in both Security Europe and North America; (viii) the Company’s ability to identify and realize revenue synergies associated with acquisitions; (ix) successful identification of appropriate acquisition opportunities and completing them within time frames and at reasonable costs as well as the integration of completed acquisitions and reorganization of existing businesses; (x) the continued acceptance of technologies used in the Company’s products and services; (xi) the Company’s ability to manage existing Sonitrol franchisee and Mac Tools relationships; (xii) the Company’s ability to minimize costs associated with any sale or discontinuance of a business or product line, including any severance, restructuring, legal or other costs; (xiii) the proceeds realized with respect to any business or product line disposals; (xiv) the extent of any asset impairments with respect to any businesses or product lines that are sold or discontinued; (xv) the success of the Company’s efforts to manage freight costs, steel and other commodity costs as well as capital expenditures; (xvi) the Company’s ability to sustain or increase prices in order to, among other things, offset or mitigate the impact of steel, freight, energy, non-ferrous commodity and other commodity costs and any inflation increases and/or currency impacts; (xvii) the Company’s ability to generate free cash flow, maintain a conservative credit profile, and a strong investment grade rating; (xviii) the Company’s ability to identify and effectively execute productivity improvements and cost reductions, while minimizing any associated restructuring charges; (xix) the Company’s ability to obtain favorable settlement of tax audits; (xx) the ability of the Company to generate earnings sufficient to realize future income tax benefits during periods when temporary differences become deductible; (xxi) the continued ability of the Company to access credit markets under satisfactory terms; (xxii) the Company’s ability to negotiate satisfactory payment terms under which the Company buys and sells goods, services, materials and products; (xxiii) the Company’s ability to successfully develop, market and achieve sales from new products and services; and (xxiv) the availability of cash to repurchase shares when conditions are right, as well as the Company's ability to effectively use equity derivative transactions to reduce the capital requirement associated with share repurchases.

The Company’s ability to deliver the Results is also dependent upon: (i) the success of the Company’s marketing and sales efforts, including the ability to develop and market new and innovative products and solutions in both existing and new markets including emerging markets; (ii) the ability of the Company to maintain or improve production rates in the Company’s manufacturing facilities, respond to significant changes in product demand and fulfill demand for new and existing products; (iii) the Company’s ability to continue improvements in working capital through effective management of accounts receivable and inventory levels; (iv) the ability to continue successfully managing and defending claims and litigation; (v) the success of the Company’s efforts to mitigate adverse earnings impact resulting from any cost increases generated by, for example, increases in the cost of energy or significant Euro, Canadian Dollar, Chinese Renminbi or other currency fluctuations; (vi) the geographic distribution of the Company’s earnings; (vii) the commitment to, and success of, the Stanley Fulfillment System; and (viii) successful implementation with expected results of cost reduction programs.

The Company’s ability to achieve the Results will also be affected by external factors. These external factors include: challenging global geopolitical and macroeconomic environment; the economic environment of emerging markets, particularly Latin America, Russia, China and Turkey; pricing pressure and other changes within competitive markets; the continued consolidation of customers particularly in consumer channels; inventory management pressures on the Company’s customers; the impact the tightened credit markets may have on the Company or its customers or suppliers; the extent to which the Company has to write off accounts receivable or assets or experiences supply chain disruptions in connection with bankruptcy filings by customers or suppliers; increasing competition; changes in laws, regulations and policies that affect the Company, including, but not limited to trade, monetary, tax and fiscal policies and laws; the timing and extent of any inflation or deflation; the impact of poor weather conditions on sales; currency exchange fluctuations; the impact of dollar/foreign currency exchange and interest rates on the competitiveness of products and the Company's debt program; the strength of the U.S. and European economies; the extent to which world-wide markets associated with homebuilding and remodeling stabilize and rebound; the impact of events that cause or may cause disruption in the Company's supply, manufacturing, distribution and sales networks such as war, terrorist activities, and political unrest; and recessionary or expansive trends in the economies of the world in which the Company operates.

Unless required by applicable federal securities laws, the Company undertakes no obligation to publicly update or revise any forward-looking statements to reflect events or circumstances that may arise after the date hereof. Investors are advised, however, to consult any further disclosures made on related subjects in the Company's reports filed with the Securities and Exchange Commission.

In addition to the foregoing, some of the agreements included as exhibits to this Annual Report on Form 10-K (whether incorporated by reference to earlier filings or otherwise) may contain representations and warranties, recitals or other statements that appear to be statements of fact. These agreements are included solely to provide investors with information regarding their terms and are not intended to provide any other factual or disclosure information about the Company or the other parties to the agreements. Representations and warranties, recitals, and other common disclosure provisions have been included in the agreements solely for the benefit of the other parties to the applicable agreements and often are used as a means of allocating risk among the parties.

Accordingly, such statements (i) should not be treated as categorical statements of fact; (ii) may be qualified by disclosures that were made to the other parties in connection with the negotiation of the applicable agreements, which disclosures are not necessarily reflected in the agreement or included as exhibits hereto; (iii) may apply standards of materiality in a way that is different from what may be viewed as material by or to investors in or lenders to the Company; and (iv) were made only as of the date of the applicable agreement or such other date or dates as may be specified in the agreement and are subject to more recent developments. Accordingly, representations and warranties, recitals or other disclosures contained in agreements may not describe the actual state of affairs as of the date they were made or at any other time and should not be relied on by any person other than the parties thereto in accordance with their terms. Additional information about the Company may be found in this Annual Report on Form 10-K and the Company's other public filings, which are available without charge through the SEC's website at http://www.sec.gov.

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

The Company incorporates by reference the material captioned "Market Risk" in Item 7 and in *Note I, Derivative Financial Instruments*, of the *Notes to Consolidated Financial Statements* in *Item 8*.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

See Item 15 for an index to Financial Statements and Financial Statement Schedules. Such Financial Statements and Financial Statement Schedules are incorporated herein by reference.

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

None.

ITEM 9A. CONTROLS AND PROCEDURES

The management of Stanley Black & Decker (the "Company") is responsible for establishing and maintaining adequate internal control over financial reporting. Internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external reporting purposes in accordance with accounting principles generally accepted in the United States of America. Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements.

Management has assessed the effectiveness of the Company's internal control over financial reporting as of January 2, 2016. In making its assessment, management has utilized the criteria set forth by the Committee of Sponsoring Organizations (COSO) of the Treadway Commission in Internal Control — Integrated Framework (2013 Framework). Management concluded that based on its assessment, the Company's internal control over financial reporting was effective as of January 2, 2016. Ernst & Young LLP, the auditor of the financial statements included in this annual report, has issued an attestation report on the registrant's internal control over financial reporting, a copy of which appears on page 51.

Under the supervision and with the participation of management, including the Company's Chairman and Chief Executive Officer and its Senior Vice President and Chief Financial Officer, the Company has, pursuant to Rule 13a-15(b) of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), evaluated the effectiveness of the design and operation of its disclosure controls and procedures (as defined under Rule 13a-15(e) of the Exchange Act). Based upon that evaluation, the Company's Chairman and Chief Executive Officer and its Senior Vice President and Chief Financial Officer have concluded that, as of January 2, 2016, the Company's disclosure controls and procedures are effective. There has been no change in the Company's internal control over financial reporting that occurred during the fiscal year ended January 2, 2016 that has materially affected, or is reasonably likely to materially affect, the Company's internal control over financial reporting.

ITEM 9B. OTHER INFORMATION

None

PART III

ITEM 10. DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE OF THE REGISTRANT

The information required by this Item, except for certain information with respect to the Company's Code of Ethics, the identification of the executive officers of the Company and any material changes to the procedures by which security holders may recommend nominees to the Company's Board of Directors, as set forth below, is incorporated herein by reference to the information set forth in the section of the Company's definitive proxy statement (which will be filed pursuant to Regulation 14A under the Exchange Act within 120 days after the close of the Company's fiscal year) under the headings "Information Concerning Nominees for Election as Directors," "Board of Directors," and "Section 16(a) - Beneficial Ownership Reporting Compliance."

In addition to Business Conduct Guidelines that apply to all directors and employees of the Company, the Company has adopted a Code of Ethics that applies to the Company's Chief Executive Officer and all senior financial officers, including the Chief Financial Officer and principal accounting officer. A copy of the Company's Code of Ethics is available on the Company's website at www.stanleyblackanddecker.com.

The following is a list of the executive officers of the Company as of February 19, 2016:

Name and Age	Office	Date Elected to Office
John F. Lundgren (64)	Chairman and Chief Executive Officer. Has served as Chief Executive Officer since March 1, 2004 and Chairman from March 1, 2004 through March 12, 2010 and again from March 13, 2013 to present. Served as President and Chief Executive Officer from March 12, 2010 through January 13, 2013.	3/1/2004
James M. Loree (57)	President & Chief Operating Officer since January 2013. Executive Vice President and Chief Operating Officer (2007); Executive Vice President Finance and Chief Financial Officer (1999).	7/19/1999

Donald Allan, Jr. (51)	Senior Vice President & Chief Financial Officer since March 2010. Vice President & Chief Financial Officer (2009); Vice President & Corporate Controller (2002); Corporate Controller (2000); Assistant Controller (1999).	10/24/2006
Jeffery D. Ansell (48)	Senior Vice President and Group Executive, Global Tools & Storage since January 2015. Senior Vice President and Group Executive, Construction and DIY (2010). Vice President & President, Stanley Consumer Tools Group; President - Consumer Tools and Storage (2004); President of Industrial Tools & Storage (2002); Vice President - Global Consumer Tools Marketing (2001); Vice President Consumer Sales America (1999).	2/22/2006
Michael A. Bartone (56)	Vice President, Corporate Tax since January 2002.	7/17/2009
Bruce H. Beatt (63)	Senior Vice President, General Counsel and Secretary since March 2010. Vice President, General Counsel and Secretary (2000).	10/9/2000
James J. Cannon (45)	Senior Vice President & Group Executive, Stanley Security North America & Emerging Markets since October 2014. President, Stanley Oil & Gas (2012); President, IAR Europe & LAG (2011); President, IAR North America (2010); President, IAS (2009); President & General Manager, Stanley Engineered Storage Solutions (2007); General Manager, Stanley-Vidmar Storage Technologies (2005).	7/23/2014
Craig A. Douglas (61)	Vice President & Treasurer since January 2002.	7/17/2009
Rhonda O. Gass (52)	Vice President & Chief Information Officer since October 2012.	10/11/2012
Lee B. McChesney (44)	President, Industrial Verticals - Global Tools & Storage since January 2016 and Chief Financial Officer, Global Tools & Storage since January 2015. Chief Financial Officer-CDIY (2010); Chief Financial Officer, MAS and Regional Executive, Stanley Security Solutions Asia (2009); Chief Financial Officer, Stanley Mechanical Access Solutions (2007); Chief Financial Officer, Stanley Security Solutions (2006).	7/23/2014
Jaime Ramirez (48)	Senior Vice President & President, Global Emerging Markets, since October 2012. President, Construction & DIY, Latin America (2010); Vice President and General Manager - Latin America, Power Tools & Accessories, The Black & Decker Corporation (2008); Vice President and General Manager - Andean Region The Black & Decker Corporation (2007).	3/12/2010
Ben S. Sihota (57)	President, Emerging Markets Group since March 2010. Vice President and President-Asia/Pacific, Power Tools & Accessories, The Black & Decker Corporation (2006); President-Asia, Power Tools & Accessories, The Black & Decker Corporation (2000).	3/12/2010
Steven J. Stafstrom (57)	Vice President, Operations-Global Tools & Storage since January 2015. Vice President, Operations, CDIY & Emerging Markets (2012). Vice President Global Operations, CDIY (2010); Vice President, Operations, Consumer Tools & Storage (2005).	12/6/2012

William S. Taylor (60)	President, Power Tools - Global Tools and Storage since January 2015. President, Fastening & Accessories (2012). President, Professional Power Tools & Products (2010); Vice President-Global Product Development of the Industrial Products Group, The Black & Decker Corporation (2009); Vice President-Industrial Products Group Product Development, The Black & Decker Corporation (2008); Vice President/ General Manager Industrial Accessories Business, The Black & Decker Corporation (2008); Vice President and General Manager Woodworking Tools, The Black & Decker Corporation (2005).	3/12/2010
Joseph Voelker (60)	Senior Vice President, Human Resources, since April 1, 2013. VP Human Resources (2009); VP Human Resources - ITG/Corporate Staff (2006); VP Human Resources - Tools Group/Operations (2004); HR Director, Tools Group (2003); HR Director, Operations (1999).	4/1/2013
John H. Wyatt (57)	President, Stanley Engineered Fastening since January 2016. President, Sales & Marketing - Global Tools & Storage (2015). President, Construction & DIY, Europe and ANZ (2012). President, Construction & DIY, EMEA (2010); President-Europe, Middle East, and Africa, Power Tools and Accessories, The Black & Decker Corporation (2008); Vice President-Consumer Products (Europe, Middle East and Africa), The Black & Decker Corporation (2006).	3/12/2010

ITEM 11. EXECUTIVE COMPENSATION

The information required by this Item is incorporated herein by reference to the information set forth under the section entitled "Executive Compensation" of the Company's definitive proxy statement, which will be filed pursuant to Regulation 14A under the Exchange Act within 120 days after the end of the fiscal year covered by this Annual Report on Form 10-K.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS

The information required by Item 403 of Regulation S-K, is incorporated herein by reference to the information set forth under the sections entitled "Security Ownership of Certain Beneficial Owners", "Security Ownership of Directors and Officers", and "Executive Compensation", of the Company's definitive proxy statement, which will be filed pursuant to Regulation 14A under the Exchange Act within 120 days after the end of the fiscal year covered by this Annual Report on Form 10-K.

EQUITY COMPENSATION PLAN INFORMATION

Compensation plans under which the Company's equity securities are authorized for issuance at January 2, 2016 follow:

Plan Category	(A) Number of securities to be issued upon exercise of outstanding options and stock awards	(B) Weighted-average exercise price of outstanding options	(C) Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (A))
Equity compensation plans approved by security holders......	8,047,463 (1)	$ 77.36 (2)	10,098,668 (3)
Equity compensation plans not approved by security holders (4)..	—	—	—
Total...	8,047,463	$ 77.36	10,098,668

(1) Consists of 6,042,839 shares underlying outstanding stock options (whether vested or unvested) with a weighted average exercise price of $77.36 and a weighted average term of 6.81 years; 1,929,210 shares underlying time-vesting restricted stock units that have not yet vested and the maximum number of shares that will be issued pursuant to outstanding long term performance awards if all established goals are met; and 75,414 of shares earned but related to which participants elected deferral of delivery. All stock-based compensation plans are discussed in *Note J, Capital Stock*, of the *Notes to Consolidated Financial Statements* in *Item 8*.

(2) There is no cost to the recipient for shares issued pursuant to time-vesting restricted stock units or long term performance awards. Because there is no strike price applicable to these stock awards they are excluded from the weighted-average exercise price which pertains solely to outstanding stock options.

(3) Consists of 2,104,326 of shares available for purchase under the employee stock purchase plan ("ESPP") at the election of employees and 7,994,342 securities available for future grants by the board of directors under stock-based compensation plans.

(4) U.S. employees are eligible to contribute from 1% to 25% of their salary to a qualified tax deferred savings plan as described in the Employee Stock Ownership Plan ("ESOP") section of *Note L, Employee Benefit Plans,* of the *Notes to the Consolidated Financial Statements* in *Item 8.* The Company contributes an amount equal to one half of the employee contribution up to the first 7% of salary. There is a non-qualified tax deferred savings plan for highly compensated salaried employees which mirrors the qualified plan provisions, but was not specifically approved by security holders. Eligible highly compensated salaried U.S. employees are eligible to contribute from 1% to 50% of their salary to the non-qualified tax deferred savings plan. The same matching arrangement was provided for highly compensated salaried employees in the non-qualified plan, to the extent the match was not fully met in the qualified plan, except that the arrangement for these employees is outside of the ESOP, and is not funded in advance of distributions. For both qualified and non-qualified plans, the investment of the employee's contribution and the Company's contribution is controlled by the employee and may include an election to invest in Company stock. Shares of the Company's common stock may be issued at the time of a distribution from the qualified plan. The number of securities remaining available for issuance under the plans at January 2, 2016 is not determinable, since the plans do not authorize a maximum number of securities.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS, AND DIRECTOR INDEPENDENCE

The information required by Items 404 and 407(a) of Regulation S-K is incorporated by reference to the information set forth under the section entitled "Board of Directors — Related Party Transactions" of the Company's definitive proxy statement, which will be filed pursuant to Regulation 14A under the Exchange Act within 120 days after the end of the fiscal year covered by this Annual Report on Form 10-K.

ITEM 14. PRINCIPAL ACCOUNTANT FEES AND SERVICES

The information required by Item 9(e) of Schedule 14A is incorporated herein by reference to the information set forth under the section entitled "Fees of Independent Auditors" of the Company's definitive proxy statement, which will be filed pursuant to Regulation 14A under the Exchange Act within 120 days after the end of the fiscal year covered by this Annual Report on Form 10-K.

PART IV

ITEM 15. EXHIBITS AND FINANCIAL STATEMENT SCHEDULES

(a) Index to documents filed as part of this report:

1. and 2. Financial Statements and Financial Statement Schedules.

The response to this portion of Item 15 is submitted as a separate section of this report beginning with an index thereto on page 47.

3. Exhibits

See Exhibit Index in this Form 10-K on page 102.

(b) See Exhibit Index in this Form 10-K on page 102.

(c) The response in this portion of Item 15 is submitted as a separate section of this Form 10-K with an index thereto beginning on page 47.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the Company has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

STANLEY BLACK & DECKER, INC.

By: /s/ John F. Lundgren

John F. Lundgren, Chairman and Chief Executive Officer

Date: February 19, 2016

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the Company and in the capacities and on the dates indicated.

Signature	Title	Date
/s/ John F. Lundgren John F. Lundgren	Chairman and Chief Executive Officer	February 19, 2016
/s/ Donald Allan, Jr. Donald Allan, Jr.	Senior Vice President and Chief Financial Officer	February 19, 2016
/s/ Jocelyn S. Belisle Jocelyn S. Belisle	Chief Accounting Officer	February 19, 2016
* Andrea J. Ayers	Director	February 19, 2016
* George W. Buckley	Director	February 19, 2016
* Patrick D. Campbell	Director	February 19, 2016
* Carlos M. Cardoso	Director	February 19, 2016
* Robert B. Coutts	Director	February 19, 2016
* Debra A. Crew	Director	February 19, 2016
* Benjamin H. Griswold, IV	Director	February 19, 2016
* Anthony Luiso	Director	February 19, 2016
* Marianne M. Parrs	Director	February 19, 2016
* Robert L. Ryan	Director	February 19, 2016

*By: /s/ Bruce H. Beatt

Bruce H. Beatt
(As Attorney-in-Fact)

FORM 10-K
ITEM 15(a) (1) AND (2)
STANLEY BLACK & DECKER, INC. AND SUBSIDIARIES

INDEX TO FINANCIAL STATEMENTS AND FINANCIAL STATEMENT SCHEDULE

All other schedules are omitted because either they are not applicable or the required information is shown in the financial statements or the notes thereto.

Schedule II — Valuation and Qualifying Accounts
Stanley Black & Decker, Inc. and Subsidiaries
Fiscal years ended January 2, 2016, January 3, 2015, and December 28, 2013
(Millions of Dollars)

		ADDITIONS			
	Beginning Balance	Charged To Costs And Expenses	Charged To Other Accounts (b)	(a) Deductions	Ending Balance
Allowance for Doubtful Accounts:					
Year Ended 2015	$ 60.7	$ 27.3	$ 0.7	$ (15.8)	$ 72.9
Year Ended 2014	$ 64.4	$ 20.9	$ (8.3)	$ (16.3)	$ 60.7
Year Ended 2013	$ 58.7	$ 14.2	$ 5.2	$ (13.7)	$ 64.4
Tax Valuation Allowance:					
Year Ended 2015 (c)	$ 551.9	$ 30.5	$ 1.7	$ (103.4)	$ 480.7
Year Ended 2014	$ 549.7	$ 90.0	$ (16.3)	$ (71.5)	$ 551.9
Year Ended 2013	$ 545.2	$ 3.8	$ 14.6	$ (13.9)	$ 549.7

(a) With respect to the allowance for doubtful accounts, deductions represent amounts charged-off less recoveries of accounts previously charged-off.
(b) Amounts represent the impact of foreign currency translation, acquisitions and net transfers to/from other accounts.
(c) Refer to *Note Q, Income Taxes*, of the *Notes to Consolidated Financial Statements* in *Item 8* for further discussion.

MANAGEMENT'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING

The management of Stanley Black & Decker, Inc. is responsible for establishing and maintaining adequate internal control over financial reporting. Internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external reporting purposes in accordance with accounting principles generally accepted in the United States of America. Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements.

Management has assessed the effectiveness of Stanley Black & Decker Inc.'s internal control over financial reporting as of January 2, 2016. In making its assessment, management has utilized the criteria set forth by the Committee of Sponsoring Organizations (COSO) of the Treadway Commission in Internal Control — Integrated Framework (2013 Framework). Management concluded that based on its assessment, Stanley Black & Decker, Inc.'s internal control over financial reporting was effective as of January 2, 2016. Ernst & Young LLP, Registered Public Accounting Firm included in this annual report, has issued an attestation report on the registrant's internal control over financial reporting, a copy of which appears on page 51.

/s/ John F. Lundgren

John F. Lundgren, Chairman and Chief Executive Officer

/s/ Donald Allan Jr.

Donald Allan Jr., Senior Vice President and Chief Financial Officer

Report of Independent Registered Public Accounting Firm

The Board of Directors and Shareholders of Stanley Black & Decker, Inc.

We have audited the accompanying consolidated balance sheets of Stanley Black & Decker, Inc. and subsidiaries (the "Company") as of January 2, 2016 and January 3, 2015, and the related consolidated statements of operations, comprehensive income (loss), cash flows and shareowners' equity for each of the three fiscal years in the period ended January 2, 2016. Our audits also included the financial statement schedule listed in the Index at Item 15. These financial statements and schedule are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements and schedule based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of the Company at January 2, 2016 and January 3, 2015, and the consolidated results of its operations and its cash flows for each of the three fiscal years in the period ended January 2, 2016, in conformity with U.S. generally accepted accounting principles. Also, in our opinion, the related financial statement schedule, when considered in relation to the basic financial statements taken as a whole, presents fairly in all material respects the information set forth therein.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the Company's internal control over financial reporting as of January 2, 2016, based on criteria established in Internal Control-Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework) and our report dated February 19, 2016 expressed an unqualified opinion thereon.

/s/ Ernst & Young LLP
Hartford, CT
February 19, 2016

Report of Independent Registered Public Accounting Firm

The Board of Directors and Shareholders of Stanley Black & Decker, Inc.

We have audited Stanley Black & Decker, Inc.'s and subsidiaries (the "Company's") internal control over financial reporting as of January 2, 2016, based on criteria established in Internal Control-Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework) (the COSO criteria). The Company's management is responsible for maintaining effective internal control over financial reporting, and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Management's Report on Internal Control over Financial Reporting. Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

In our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of January 2, 2016, based on the COSO criteria.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the consolidated balance sheets of the Company as of January 2, 2016 and January 3, 2015, and the related consolidated statements of operations, comprehensive income (loss), cash flows and shareowners' equity for each of the three fiscal years in the period ended January 2, 2016 of the Company and our report dated February 19, 2016 expressed an unqualified opinion thereon.

/s/ Ernst & Young LLP
Hartford, CT
February 19, 2016

Consolidated Statements of Operations
Fiscal years ended January 2, 2016, January 3, 2015, and December 28, 2013
(In Millions of Dollars, Except Per Share Amounts)

	2015	2014	2013
Net Sales	**$ 11,171.8**	$ 11,338.6	$ 10,889.5
Costs and Expenses			
Cost of sales	**$ 7,099.8**	$ 7,235.9	$ 6,985.8
Selling, general and administrative	**2,459.1**	2,575.0	2,676.4
Provision for doubtful accounts	**27.3**	20.9	14.2
Other-net	**222.0**	239.7	283.9
Restructuring charges and asset impairments	**47.6**	18.8	173.7
(Gain) loss on debt extinguishment	**—**	(0.1)	20.6
Interest income	**(15.2)**	(13.6)	(12.8)
Interest expense	**180.4**	177.2	160.1
	$ 10,021.0	$ 10,253.8	$ 10,301.9
Earnings from continuing operations before income taxes	**1,150.8**	1,084.8	587.6
Income taxes on continuing operations	**248.6**	227.1	68.6
Earnings from continuing operations	**$ 902.2**	$ 857.7	$ 519.0
Less: Net (loss) earnings attributable to non-controlling interests	**(1.6)**	0.5	(1.0)
Net earnings from continuing operations attributable to common shareowners	**$ 903.8**	$ 857.2	$ 520.0
Loss from discontinued operations before income taxes	**(19.3)**	(104.0)	(43.0)
Income tax expense (benefit) on discontinued operations	**0.8**	(7.7)	(13.3)
Net loss from discontinued operations	**$ (20.1)**	$ (96.3)	$ (29.7)
Net Earnings Attributable to Common Shareowners	**$ 883.7**	$ 760.9	$ 490.3
Basic earnings (loss) per share of common stock:			
Continuing operations	**$ 6.10**	$ 5.49	$ 3.35
Discontinued operations	**(0.14)**	(0.62)	(0.19)
Total basic earnings per share of common stock	**$ 5.96**	$ 4.87	$ 3.16
Diluted earnings (loss) per share of common stock:			
Continuing operations	**$ 5.92**	$ 5.37	$ 3.28
Discontinued operations	**(0.13)**	(0.60)	(0.19)
Total diluted earnings per share of common stock	**$ 5.79**	$ 4.76	$ 3.09

See Notes to Consolidated Financial Statements.

Consolidated Statements of Comprehensive Income (Loss)
Fiscal years ended January 2, 2016, January 3, 2015, and December 28, 2013
(In Millions of Dollars)

	2015	2014	2013
Net earnings	**$ 883.7**	$ 760.9	$ 490.3
Other comprehensive loss:			
Currency translation adjustment and other	**(504.1)**	(726.3)	(99.9)
Unrealized (losses) gains on cash flow hedges, net of tax	**(1.2)**	26.4	16.2
Unrealized gains (losses) on net investment hedges, net of tax	**49.0**	39.6	(13.5)
Pension gains (losses), net of tax	**32.3**	(110.9)	(13.8)
Other comprehensive loss	**$ (424.0)**	$ (771.2)	$ (111.0)
Comprehensive income (loss) attributable to common shareowners	**$ 459.7**	$ (10.3)	$ 379.3

See Notes to Consolidated Financial Statements.

Consolidated Balance Sheets
January 2, 2016 and January 3, 2015
(Millions of Dollars)

	2015	2014
Assets		
Current Assets		
Cash and cash equivalents	**$ 465.4**	$ 496.6
Accounts and notes receivable, net	**1,331.8**	1,396.7
Inventories, net	**1,526.4**	1,562.7
Prepaid expenses	**177.4**	180.5
Assets held for sale	**—**	29.5
Other current assets	**161.1**	282.8
Total Current Assets	**3,662.1**	3,948.8
Property, Plant and Equipment, net	**1,450.2**	1,454.1
Goodwill	**7,084.3**	7,275.5
Customer Relationships, net	**778.7**	938.9
Trade Names, net	**1,641.8**	1,668.6
Other Intangible Assets, net	**121.0**	144.2
Other Assets	**434.2**	419.0
Total Assets	**$ 15,172.3**	$ 15,849.1
Liabilities and Shareowners' Equity		
Current Liabilities		
Short-term borrowings	**$ 2.5**	$ 1.6
Current maturities of long-term debt	**5.1**	5.9
Accounts payable	**1,533.1**	1,579.2
Accrued expenses	**1,261.9**	1,221.9
Liabilities held for sale	**—**	23.4
Total Current Liabilities	**2,802.6**	2,832.0
Long-Term Debt	**3,836.6**	3,839.8
Deferred Taxes	**825.9**	992.7
Post-retirement Benefits	**669.4**	749.9
Other Liabilities	**1,178.6**	922.8
Commitments and Contingencies (*Notes R and S*)	**—**	—
Shareowners' Equity		
Stanley Black & Decker, Inc. Shareowners' Equity		
Preferred stock, without par value: Authorized and unissued 10,000,000 shares	**—**	—
Common stock, par value $2.50 per share: Authorized 300,000,000 shares in 2015 and 2014 Issued 176,902,738 shares in 2015 and 2014	**442.3**	442.3
Retained earnings	**4,491.7**	3,926.3
Additional paid in capital	**4,421.7**	4,727.1
Accumulated other comprehensive loss	**(1,694.2)**	(1,270.2)
ESOP	**(34.9)**	(43.6)
	7,626.6	7,781.9
Less: common stock in treasury (22,958,447 shares in 2015 and 19,777,288 shares in 2014)	**(1,815.0)**	(1,352.8)
Stanley Black & Decker, Inc. Shareowners' Equity	**5,811.6**	6,429.1
Non-controlling interests	**47.6**	82.8
Total Shareowners' Equity	**5,859.2**	6,511.9
Total Liabilities and Shareowners' Equity	**$ 15,172.3**	$ 15,849.1

See Notes to Consolidated Financial Statements.

Consolidated Statements of Cash Flows
Fiscal years ended January 2, 2016, January 3, 2015, and December 28, 2013
(Millions of Dollars)

	2015	2014	2013
Operating Activities:			
Net earnings attributable to common shareowners	**$ 883.7**	$ 760.9	$ 490.3
Adjustments to reconcile net earnings to cash provided by operating activities:			
Depreciation and amortization of property, plant and equipment	**256.9**	263.4	238.0
Amortization of intangibles	**157.1**	186.4	203.3
Pretax (gain) loss on debt extinguishment	**—**	(0.1)	20.6
Asset impairments	**9.8**	63.1	40.9
Stock-based compensation expense	**67.9**	57.1	66.4
Provision for doubtful accounts	**29.5**	22.1	13.7
Deferred tax (benefit) expense	**(1.3)**	42.4	(135.7)
Other non-cash items	**18.8**	12.4	—
Changes in operating assets and liabilities:			
Accounts receivable	**(41.3)**	81.6	11.3
Inventories	**(54.7)**	(175.9)	(101.9)
Accounts payable	**(9.7)**	71.7	105.0
Deferred revenue	**7.7**	12.8	(1.1)
Other current assets	**19.8**	25.8	13.5
Long-term receivables	**(12.6)**	(13.2)	(11.8)
Other long-term assets	**(11.5)**	39.2	29.1
Accrued expenses	**(59.0)**	59.7	(156.0)
Defined benefit liabilities	**(65.8)**	(155.0)	(110.2)
Other long-term liabilities	**(13.0)**	(58.5)	152.6
Net cash provided by operating activities	**1,182.3**	1,295.9	868.0
Investing Activities:			
Capital expenditures	**(311.4)**	(291.0)	(340.3)
Proceeds from sales of assets	**29.1**	15.4	4.0
Business acquisitions, net of cash acquired	**(17.6)**	(3.2)	(933.9)
(Payments) proceeds from sales of businesses, net of cash sold	**—**	(3.9)	93.5
Proceeds (payments) for net investment hedge settlements	**137.7**	(61.4)	3.6
Other	**(42.8)**	(38.1)	(25.3)
Net cash used in investing activities	**(205.0)**	(382.2)	(1,198.4)
Financing Activities:			
Payments on long-term debt	**(16.1)**	(46.6)	(302.2)
Proceeds from debt issuance	**—**	—	726.7
Net short-term borrowings (repayments)	**1.2**	(391.0)	388.7
Stock purchase contract fees	**(17.0)**	(16.4)	(3.2)
Purchase of common stock for treasury	**(649.8)**	(28.2)	(39.2)
Proceeds from issuance of preferred stock	**632.5**	—	—
Redemption of preferred stock for treasury	**(632.5)**	—	—
Cash settlement on forward stock purchase contract	**—**	—	18.8
Payment on forward share purchase contract	**—**	—	(350.0)
Net premium paid on equity option	**—**	—	(83.2)
Premium paid on debt extinguishment	**—**	—	(42.8)
Non-controlling interest buyout	**(33.5)**	—	—
Termination of interest rate swaps	**—**	(33.4)	—
Proceeds from issuances of common stock	**163.5**	71.3	154.6
Cash dividends on common stock	**(319.9)**	(321.3)	(312.7)
Other	**(4.0)**	(0.6)	—
Net cash (used in) provided by financing activities	**(875.6)**	(766.2)	155.5
Effect of exchange rate changes on cash	**(132.9)**	(147.1)	(44.9)
(Decrease) increase in cash and cash equivalents	**(31.2)**	0.4	(219.8)
Cash and cash equivalents, beginning of year	**496.6**	496.2	716.0
Cash and cash equivalents, end of year	**$ 465.4**	$ 496.6	$ 496.2

See Notes to Consolidated Financial Statements.

Consolidated Statements of Changes in Shareowners' Equity
Fiscal years ended January 2, 2016, January 3, 2015, and December 28, 2013
(Millions of Dollars, Except Per Share Amounts)

	Preferred Stock	Common Stock	Additional Paid In Capital	Retained Earnings	Accumulated Other Comprehensive Loss	ESOP	Treasury Stock	Non-Controlling Interests	Shareowners' Equity
Balance December 29, 2012	**$ —**	**$ 442.3**	**$ 4,473.5**	**$ 3,299.5**	**$ (388.0)**	**$ (62.8)**	**$ (1,097.4)**	**$ 60.0**	**$ 6,727.1**
Net earnings				490.3				(1.0)	489.3
Other comprehensive loss					(111.0)				(111.0)
Cash dividends declared — $1.98 per share				(307.1)					(307.1)
Issuance of common stock			(115.6)				250.1		134.5
Settlement of forward share repurchase contract			350.0				(350.0)		—
Equity units — non-cash stock contract fees			(40.2)						(40.2)
Equity units — offering fees			(9.2)						(9.2)
Net premium paid on equity option			(83.2)						(83.2)
Repurchase of common stock (2,225,732 shares)			217.9				(257.1)		(39.2)
Non-controlling interest buyout			(1.1)					(15.2)	(16.3)
Non-controlling interests of acquired businesses								37.5	37.5
Stock-based compensation related			66.4						66.4
Tax benefit related to stock options exercised			20.1						20.1
ESOP and related tax benefit				2.2		9.6			11.8
Balance December 28, 2013	**$ —**	**$ 442.3**	**$ 4,878.6**	**$ 3,484.9**	**$ (499.0)**	**$ (53.2)**	**$ (1,454.4)**	**$ 81.3**	**$ 6,880.5**
Net earnings				760.9				0.5	761.4
Other comprehensive loss					(771.2)				(771.2)
Cash dividends declared — $2.04 per share				(321.3)					(321.3)
Issuance of common stock			(69.4)				129.8		60.4
Forward obligation to purchase treasury shares			(150.0)						(150.0)
Repurchase of common stock (340,576 shares)							(28.2)		(28.2)
Non-controlling interest buyout								(0.6)	(0.6)
Non-controlling interests of acquired businesses								1.6	1.6
Stock-based compensation related			57.1						57.1
Tax benefit related to stock options exercised			10.8						10.8
ESOP and related tax benefit				1.8		9.6			11.4
Balance January 3, 2015	**$ —**	**$ 442.3**	**$ 4,727.1**	**$ 3,926.3**	**$ (1,270.2)**	**$ (43.6)**	**$ (1,352.8)**	**$ 82.8**	**$ 6,511.9**
Net earnings				883.7				(1.6)	882.1
Other comprehensive loss					(424.0)				(424.0)
Cash dividends declared — $2.14 per share				(319.9)					(319.9)
Issuance of common stock			(96.1)				231.4		135.3
Forward obligation to purchase treasury shares			(350.0)						(350.0)
Repurchase of common stock (9,227,564 shares)			263.9				(913.7)		(649.8)
Issuance of preferred stock	632.5								632.5
Redemption and conversion of preferred stock	(632.5)		(220.1)				220.1		(632.5)
Non-controlling interest buyout			0.8					(33.6)	(32.8)
Stock-based compensation related			67.9						67.9
Tax benefit related to stock options exercised			28.2						28.2
ESOP and related tax benefit				1.6		8.7			10.3
Balance January 2, 2016	**$ —**	**$ 442.3**	**$ 4,421.7**	**$ 4,491.7**	**$ (1,694.2)**	**$ (34.9)**	**$ (1,815.0)**	**$ 47.6**	**$ 5,859.2**

See Notes to Consolidated Financial Statements.

A. SIGNIFICANT ACCOUNTING POLICIES

BASIS OF PRESENTATION — The Consolidated Financial Statements include the accounts of Stanley Black & Decker, Inc. and its majority-owned subsidiaries (collectively the “Company”) which require consolidation, after the elimination of intercompany accounts and transactions. The Company’s fiscal year ends on the Saturday nearest to December 31. There were 52 weeks in the fiscal year 2015, 53 weeks in the fiscal year 2014 and 52 weeks in the fiscal year 2013.

During the first quarter of 2015, the Company combined the Construction & Do-It-Yourself ("CDIY") business with certain complementary elements of the Industrial and Automotive Repair ("IAR") and Healthcare businesses (formerly part of the Industrial and Security segments, respectively) to form one Tools & Storage business. The Company recast segment net sales and profit for all years presented to align with this change in organizational structure. There was no impact to the consolidated financial statements of the Company as a result of this change.

During the fourth quarter of 2014, the Company classified the Security segment’s Spain and Italy operations as held for sale based on management's intention to sell these businesses. In July 2015, the Company completed the sale of these businesses. In the third quarter of 2013, the Company classified two small businesses within the Security and Industrial segments as held for sale based on management's intention to sell these businesses. These businesses were sold in 2014. In December 2012, the Company sold its Hardware & Home Improvement business ("HHI"), including the residential portion of Tong Lung Metal Industry Co. ("Tong Lung"), to Spectrum Brands Holdings, Inc. ("Spectrum") for approximately $1.4 billion in cash. The purchase and sale agreement stipulated that the sale occur in a First and Second Closing. The First Closing, which excluded the residential portion of the Tong Lung business, occurred on December 17, 2012 and resulted in an after-tax gain of $358.9 million. The Second Closing, in which the residential portion of the Tong Lung business was sold for $93.5 million in cash, occurred on April 8, 2013 and resulted in an after-tax gain of $4.7 million. The operating results of the above businesses have been reported as discontinued operations in the Consolidated Financial Statements. The consolidated balance sheet as of January 3, 2015 aggregates amounts associated with discontinued operations as described above. Refer to *Note T, Discontinued Operations,* for further discussion.

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the financial statements. While management believes that the estimates and assumptions used in the preparation of the financial statements are appropriate, actual results could differ from these estimates. Certain amounts reported in the previous years have been reclassified to conform to the 2015 presentation.

FOREIGN CURRENCY — For foreign operations with functional currencies other than the U.S. dollar, asset and liability accounts are translated at current exchange rates, while income and expenses are translated using average exchange rates. Translation adjustments are reported in a separate component of shareowners’ equity and exchange gains and losses on transactions are included in earnings.

CASH EQUIVALENTS — Highly liquid investments with original maturities of three months or less are considered cash equivalents.

ACCOUNTS AND FINANCING RECEIVABLE — Trade receivables are stated at gross invoice amounts less discounts, other allowances and provisions for uncollectible accounts. Financing receivables are initially recorded at fair value, less impairments or provisions for credit losses. Interest income earned from financing receivables that are not delinquent is recorded on the effective interest method. The Company considers any financing receivable that has not been collected within 90 days of original billing date as past-due or delinquent. Additionally, the Company considers the credit quality of all past-due or delinquent financing receivables as nonperforming.

ALLOWANCE FOR DOUBTFUL ACCOUNTS — The Company estimates its allowance for doubtful accounts using two methods. First, a specific reserve is established for individual accounts where information indicates the customers may have an inability to meet financial obligations. Second, a reserve is determined for all customers based on a range of percentages applied to aging categories. These percentages are based on historical collection and write-off experience. Actual write-offs are charged against the allowance when collection efforts have been unsuccessful.

INVENTORIES — U.S. inventories are predominantly valued at the lower of Last-In First-Out (“LIFO”) cost or market because the Company believes it results in better matching of costs and revenues. Other inventories are valued at the lower of

First-In, First-Out ("FIFO") cost or market because LIFO is not permitted for statutory reporting outside the U.S. See *Note C, Inventories*, for a quantification of the LIFO impact on inventory valuation.

PROPERTY, PLANT AND EQUIPMENT — The Company generally values property, plant and equipment ("PP&E"), including capitalized software, at historical cost less accumulated depreciation and amortization. Costs related to maintenance and repairs which do not prolong the asset's useful life are expensed as incurred. Depreciation and amortization are provided using straight-line methods over the estimated useful lives of the assets as follows:

	Useful Life (Years)
Land improvements	10 —20
Buildings	40
Machinery and equipment	3 — 15
Computer software	3 — 5

Leasehold improvements are depreciated over the shorter of the estimated useful life or the term of the lease.

The Company reports depreciation and amortization of property, plant and equipment in cost of sales and selling, general and administrative expenses based on the nature of the underlying assets. Depreciation and amortization related to the production of inventory and delivery of services are recorded in cost of sales. Depreciation and amortization related to distribution center activities, selling and support functions are reported in selling, general and administrative expenses.

The Company assesses its long-lived assets for impairment when indicators that the carrying amounts may not be recoverable are present. In assessing long-lived assets for impairment, the Company groups its long-lived assets with other assets and liabilities at the lowest level for which identifiable cash flows are generated ("asset group") and estimates the undiscounted future cash flows that are directly associated with, and expected to be generated from, the use of and eventual disposition of the asset group. If the carrying value is greater than the undiscounted cash flows, an impairment loss must be determined and the asset group is written down to fair value. The impairment loss is quantified by comparing the carrying amount of the asset group to the estimated fair value, which is determined using weighted-average discounted cash flows that consider various possible outcomes for the disposition of the asset group.

GOODWILL AND INTANGIBLE ASSETS — Goodwill represents costs in excess of fair values assigned to the underlying net assets of acquired businesses. Intangible assets acquired are recorded at estimated fair value. Goodwill and intangible assets deemed to have indefinite lives are not amortized, but are tested for impairment annually during the third quarter, and at any time when events suggest an impairment more likely than not has occurred. To assess goodwill for impairment, the Company, depending on relevant facts and circumstances, performs either a qualitative assessment, as permitted by ASU 2011-08, "Intangibles - Goodwill and Other (Topic 350): Testing Goodwill for Impairment," or a quantitative analysis utilizing a discounted cash flow valuation model.

In performing a qualitative assessment, the Company first assesses relevant factors to determine whether it is more-likely-than-not that the fair value of a reporting unit is less than its carrying amount as a basis for determining whether it is necessary to perform the two-step quantitative goodwill impairment test. The Company identifies and considers the significance of relevant key factors, events, and circumstances that could affect the fair value of each reporting unit. These factors include external factors such as macroeconomic, industry, and market conditions, as well as entity-specific factors, such as actual and planned financial performance. The Company also assesses changes in each reporting unit's fair value and carrying amount since the most recent date a fair value measurement was performed. In performing a quantitative analysis, the Company determines the fair value of a reporting unit using management's assumptions about future cash flows based on long-range strategic plans. This approach incorporates many assumptions including discount rates, future growth rates and expected profitability. In the event the carrying value of a reporting unit exceeded its fair value, an impairment loss would be recognized to the extent the carrying amount of the reporting unit's goodwill exceeded the implied fair value of the goodwill.

Indefinite-lived intangible assets are tested for impairment by comparing the carrying amounts to the current fair market values, usually determined by the estimated cost to lease the assets from third parties. Intangible assets with definite lives are amortized over their estimated useful lives generally using an accelerated method. Under this accelerated method, intangible assets are amortized reflecting the pattern over which the economic benefits of the intangible assets are consumed. Definite-lived intangible assets are also evaluated for impairment when impairment indicators are present. If the carrying amount exceeds the total undiscounted future cash flows, a discounted cash flow analysis is performed to determine the fair value of the asset. If the carrying amount of the asset were to exceed the fair value, it would be written down to fair value. No significant goodwill or other intangible asset impairments were recorded during 2015, 2014 or 2013, with the exception of the goodwill and intangible assets related to the Security segment's Spain & Italy operations, which were classified as held for sale in the fourth quarter of 2014 and subsequently sold in 2015. Refer to *Note T, Discontinued Operations,* for further discussion.

FINANCIAL INSTRUMENTS — Derivative financial instruments are employed to manage risks, including foreign currency, interest rate exposures and commodity prices and are not used for trading or speculative purposes. The Company recognizes all derivative instruments, such as interest rate swap agreements, foreign currency options, commodity contracts and foreign exchange contracts, in the Consolidated Balance Sheets at fair value. Changes in the fair value of derivatives are recognized periodically either in earnings or in shareowners' equity as a component of other comprehensive income, depending on whether the derivative financial instrument is undesignated or qualifies for hedge accounting, and if so, whether it represents a fair value, cash flow, or net investment hedge. Changes in the fair value of derivatives accounted for as fair value hedges are recorded in earnings in the same caption as the changes in the fair value of the hedged items. Gains and losses on derivatives designated as cash flow hedges, to the extent they are effective, are recorded in other comprehensive income, and subsequently reclassified to earnings to offset the impact of the hedged items when they occur.

In the event it becomes probable the forecasted transaction to which a cash flow hedge relates will not occur, the derivative would be terminated and the amount in other comprehensive income would generally be recognized in earnings. Changes in the fair value of derivatives used as hedges of the net investment in foreign operations, to the extent they are effective, are reported in other comprehensive income and are deferred until the subsidiary is sold. Changes in the fair value of derivatives designated as hedges under ASC 815, "Derivatives and Hedging", including any portion that is considered ineffective, are reported in earnings in the same caption where the hedged items are recognized. Changes in the fair value of derivatives not designated as hedges under ASC 815 are reported in earnings in Other-net. Refer to *Note I, Derivative Financial Instruments,* for further discussion.

The net interest paid or received on interest rate swaps is recognized as interest expense. Gains and losses resulting from the early termination of interest rate swap agreements are deferred and amortized as adjustments to interest expense over the remaining period of the debt originally covered by the terminated swap.

REVENUE RECOGNITION — *General:* The majority of the Company's revenues result from the sale of tangible products, where revenue is recognized when the earnings process is complete, collectability is reasonably assured, and the risks and rewards of ownership have transferred to the customer, which generally occurs upon shipment of the finished product, but sometimes is upon delivery to customer facilities.

Provisions for customer volume rebates, product returns, discounts and allowances are recorded as a reduction of revenue in the same period the related sales are recorded. Consideration given to customers for cooperative advertising is recognized as a reduction of revenue except to the extent that there is an identifiable benefit and evidence of the fair value of the advertising, in which case the expense is classified as Selling, general, and administrative expense.

Multiple Element Arrangements: Approximately seven percent of the Company's revenues are generated from multiple element arrangements, primarily in the Security segment. When a sales agreement involves multiple elements, deliverables are separately identified and consideration is allocated based on their relative selling price in accordance with ASC 605-25, "Revenue Recognition — Multiple-Element Arrangements."

Sales of security monitoring systems may have multiple elements, including equipment, installation and monitoring services. For these arrangements, the Company assesses its revenue arrangements to determine the appropriate units of accounting, with each deliverable provided under the arrangement considered a separate unit of accounting. Amounts assigned to each unit of accounting are based on an allocation of total arrangement consideration using a hierarchy of estimated selling price for the deliverables. The selling price used for each deliverable will be based on Vendor Specific Objective Evidence ("VSOE") if available, Third Party Evidence ("TPE") if VSOE is not available, or estimated selling price if neither VSOE nor TPE is available. Revenue recognized for equipment and installation is limited to the lesser of their allocated amounts under the estimated selling price hierarchy or the non-contingent up-front consideration received at the time of installation, since collection of future amounts under the arrangement with the customer is contingent upon the delivery of monitoring services.

The Company's contract sales for the installation of security intruder systems and other construction-related projects are recorded under the percentage-of-completion method. Profits recognized on security contracts in process are based upon estimated contract revenue and related total cost of the project at completion. The extent of progress toward completion is generally measured using input methods based on labor metrics. Revisions to these estimates as contracts progress have the effect of increasing or decreasing profits each period. Provisions for anticipated losses are made in the period in which they become determinable. For certain short duration and less complex installation contracts, revenue is recognized upon contract completion and customer acceptance. The revenues for monitoring and monitoring-related services are recognized as services are rendered over the contractual period.

Customer billings for services not yet rendered are deferred and recognized as revenue as the services are rendered. The associated deferred revenue is included in Accrued expenses or Other liabilities on the Consolidated Balance Sheets, as appropriate.

COST OF SALES AND SELLING, GENERAL & ADMINISTRATIVE — Cost of sales includes the cost of products and services provided reflecting costs of manufacturing and preparing the product for sale. These costs include expenses to acquire and manufacture products to the point that they are allocable to be sold to customers and costs to perform services pertaining to service revenues (e.g. installation of security systems, automatic doors, and security monitoring costs). Cost of sales is primarily comprised of inbound freight, direct materials, direct labor as well as overhead which includes indirect labor and facility and equipment costs. Cost of sales also includes quality control, procurement and material receiving costs as well as internal transfer costs. SG&A costs include the cost of selling products as well as administrative function costs. These expenses generally represent the cost of selling and distributing the products once they are available for sale and primarily include salaries and commissions of the Company's sales force, distribution costs, notably salaries and facility costs, as well as administrative expenses for certain support functions and related overhead.

ADVERTISING COSTS — Television advertising is expensed the first time the advertisement airs, whereas other advertising is expensed as incurred. Advertising costs are classified in SG&A and amounted to $101.7 million in 2015, $121.5 million in 2014, and $121.1 million in 2013. Expense pertaining to cooperative advertising with customers reported as a reduction of Net Sales was $211.9 million in 2015, $206.5 million in 2014, and $172.4 million in 2013. Cooperative advertising with customers classified as SG&A expense amounted to $6.4 million in 2015, $6.2 million in 2014, and $6.0 million in 2013.

SALES TAXES — Sales and value added taxes collected from customers and remitted to governmental authorities are excluded from Net Sales reported in the Consolidated Statements of Operations.

SHIPPING AND HANDLING COSTS — The Company generally does not bill customers for freight. Shipping and handling costs associated with inbound freight are reported in Cost of sales. Shipping costs associated with outbound freight are reported as a reduction of Net Sales and amounted to $183.0 million, $226.2 million, and $201.6 million in 2015, 2014, and 2013, respectively. Distribution costs are classified as SG&A and amounted to $229.3 million, $243.2 million and $229.5 million in 2015, 2014 and 2013, respectively.

STOCK-BASED COMPENSATION — Compensation cost relating to stock-based compensation grants is recognized on a straight-line basis over the vesting period, which is generally four years. The expense for stock options and restricted stock units awarded to retirement eligible employees (those aged 55 and over, and with 10 or more years of service) is recognized on the grant date, or (if later) by the date they become retirement-eligible.

POSTRETIREMENT DEFINED BENEFIT PLAN — The Company uses the corridor approach to determine expense recognition for each defined benefit pension and other postretirement plan. The corridor approach defers actuarial gains and losses resulting from variances between actual and expected results (based on economic estimates or actuarial assumptions) and amortizes them over future periods. For pension plans, these unrecognized gains and losses are amortized when the net gains and losses exceed 10% of the greater of the market-related value of plan assets or the projected benefit obligation at the beginning of the year. For other postretirement benefits, amortization occurs when the net gains and losses exceed 10% of the accumulated postretirement benefit obligation at the beginning of the year. For ongoing, active plans, the amount in excess of the corridor is amortized on a straight-line basis over the average remaining service period for active plan participants. For plans with primarily inactive participants, the amount in excess of the corridor is amortized on a straight-line basis over the average remaining life expectancy of inactive plan participants.

INCOME TAXES — The Company accounts for income taxes under the asset and liability method in accordance with ASC 740, "Income Taxes", which requires the recognition of deferred tax assets and liabilities for the expected future tax consequences of events that have been included in the financial statements. Deferred tax assets and liabilities are determined based on the differences between the financial statements and tax basis of assets and liabilities using the enacted tax rates in effect for the year in which the differences are expected to reverse. Any changes in tax rates on deferred tax assets and liabilities are recognized in income in the period that includes the enactment date.

The Company records net deferred tax assets to the extent that it is more likely than not that these assets will be realized. In making this determination, management considers all available positive and negative evidence, including future reversals of existing temporary differences, estimates of future taxable income, tax-planning strategies, and the realizability of net operating loss carry forwards. In the event that it is determined that an asset is not more likely that not to be realized, a valuation allowance is recorded against the asset. Valuation allowances related to deferred tax assets can be impacted by changes to tax laws, changes to statutory tax rates and future taxable income levels. In the event the Company were to determine that it would not be able to realize all or a portion of its deferred tax assets in the future, the unrealizable amount would be charged to earnings in the period in which that determination is made. Conversely, if the Company were to determine that it would be able to realize deferred tax assets in the future in excess of the net carrying amounts, it would decrease the recorded valuation allowance through a favorable adjustment to earnings in the period that the determination was made.

The Company records uncertain tax positions in accordance with ASC 740, which requires a two-step process. First, management determines whether it is more likely than not that a tax position will be sustained based on the technical merits of the position and second, for those tax positions that meet the more likely than not threshold, management recognizes the largest amount of the tax benefit that is greater than 50 percent likely to be realized upon ultimate settlement with the related taxing authority. The Company maintains an accounting policy of recording interest and penalties on uncertain tax positions as a component of Income taxes on continuing operations in the Consolidated Statements of Operations.

The Company is subject to income tax in a number of locations, including many state and foreign jurisdictions. Significant judgment is required when calculating the worldwide provision for income taxes. Many factors are considered when evaluating and estimating the Company's tax positions and tax benefits, which may require periodic adjustments and which may not accurately anticipate actual outcomes. It is reasonably possible that the amount of the unrecognized benefit with respect to certain of the Company's unrecognized tax positions will significantly increase or decrease within the next 12 months. These changes may be the result of settlements of ongoing audits or final decisions in transfer pricing matters. The Company periodically assesses its liabilities and contingencies for all tax years still subject to audit based on the most current available information, which involves inherent uncertainty.

EARNINGS PER SHARE — Basic earnings per share equals net earnings attributable to Stanley Black & Decker, Inc., less earnings allocated to restricted stock units with non-forfeitable dividend rights (if applicable), divided by weighted-average shares outstanding during the year. Diluted earnings per share include the impact of common stock equivalents using the treasury stock method when the effect is dilutive.

NEW ACCOUNTING STANDARDS — In January 2016, the Financial Accounting Standards Board (“FASB”) issued Accounting Standards Update ("ASU") 2016-01, “Financial Instruments - Overall (Subtopic 825-10): Recognition and Measurement of Financial Assets and Financial Liabilities.” The main objective of this update is to enhance the reporting model for financial instruments to provide users of financial statements with more decision-useful information. The new guidance addresses certain aspects of recognition, measurement, presentation, and disclosure of financial instruments. This ASU is effective for fiscal years beginning after December 15, 2017, including interim periods within those fiscal years. The Company is currently evaluating the new guidance to determine the impact it may have on its consolidated financial statements.

In November 2015, the FASB issued ASU 2015-17, “Income Taxes (Topic 740): Balance Sheet Classification of Deferred Taxes.” The objective of this update is to simplify the presentation of deferred income taxes by requiring all deferred tax assets and liabilities to be classified as noncurrent in the statement of financial position. The amendments in this update do not affect the current requirement to offset deferred tax assets and liabilities for each tax-paying component within a tax jurisdiction. This ASU is effective for annual periods beginning after December 15, 2016, and interim periods within those annual periods, and can be applied either prospectively or retrospectively. Early adoption is permitted. The Company is currently evaluating the impact of this guidance on its consolidated financial statements.

In September 2015, the FASB issued ASU 2015-16, “Business Combinations (Topic 805): Simplifying the Accounting for Measurement-Period Adjustments.” This update requires that an acquirer recognize adjustments to provisional amounts that are identified during the measurement period in the reporting period in which the adjustment amounts are determined. The ASU requires that the acquirer record, in the financial statements of the period in which adjustments to provisional amounts are determined, the effect on earnings of changes in depreciation, amortization, or other income effects, if any, as a result of the change to the provisional amounts, calculated as if the accounting had been completed at the acquisition date. This ASU is effective prospectively for fiscal years beginning after December 15, 2015, including interim periods within those fiscal years, with early adoption permitted.

In August 2015, the FASB issued ASU 2015-15, "Interest - Imputation of Interest (Subtopic 835-30): Presentation and Subsequent Measurement of Debt Issuance Costs Associated with Line of Credit Arrangements." This ASU provides additional guidance to ASU 2015-03, discussed further below, which did not address presentation or subsequent measurement of debt issuance costs related to line-of-credit arrangements. ASU 2015-15 noted that the SEC staff would not object to an entity deferring and presenting debt issuance costs as an asset and subsequently amortizing the deferred debt issuance costs ratably over the term of the line-of-credit arrangement, regardless of whether there are any outstanding borrowings on the line-of-credit arrangement. The Company will adopt this guidance in the first quarter of 2016 and does not expect it to have a material impact on its consolidated financial statements.

In July 2015, the FASB issued ASU 2015-11, "Inventory (Topic 330): Simplifying the Measurement of Inventory." This ASU changes the measurement principle for certain inventory methods from the lower of cost or market to the lower of cost and net realizable value. Net realizable value is defined as the estimated selling price in the ordinary course of business, less reasonably predictable costs of completion, disposal, and transportation. This ASU does not apply to inventory that is measured using Last-in First-out ("LIFO") or the retail inventory method. The provisions of ASU 2015-11 are effective for fiscal years beginning after December 15, 2016, including interim periods within those fiscal years. The Company is currently evaluating this guidance to determine the impact it may have on its consolidated financial statements.

In April 2015, the FASB issued ASU 2015-04, "Compensation - Retirement Benefits (Subtopic 715): Practical Expedient for the Measurement Date of an Employer's Defined Benefit Obligation and Plan Assets." This update provides a practical expedient that permits a company to measure defined benefit plan assets and obligations using the month-end date that is closest to the company's fiscal year-end and apply that practical expedient consistently from year to year. The practical expedient should be applied consistently to all plans if the company has more than one plan. This ASU is effective prospectively for financial statements issued for fiscal years beginning after December 15, 2015, and interim periods within those fiscal years. Early adoption is permitted. The Company adopted this standard in 2015 and it did not have an impact on its consolidated financial statements.

In April 2015, the FASB issued ASU 2015-03, "Interest - Imputation of Interest (Subtopic 835-30): Simplifying the Presentation of Debt Issuance Costs." The new standard requires that all costs incurred to issue debt be presented in the balance sheet as a direct deduction from the carrying value of the associated debt liability, consistent with the presentation of a debt discount. The standard also indicates that debt issuance costs do not meet the definition of an asset because they provide no future economic benefit. This ASU is effective for financial statements issued for fiscal years beginning after December 15, 2015, and interim periods within those fiscal years. Early adoption is permitted for financial statements that have not been previously issued. The new guidance should be applied on a retrospective basis. The Company will adopt this guidance in the first quarter of 2016 and does not expect it to have a material impact on its consolidated financial statements.

In February 2015, the FASB issued ASU 2015-02, "Consolidation (Topic 810): Amendments to the Consolidation Analysis." The new standard amends the consolidation guidance in ASC 810 and significantly changes the consolidation analysis required under current generally accepted accounting principles. This ASU is effective for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2015. Early adoption is permitted. The Company does not expect this new guidance to have a significant impact on its consolidated financial statements.

In January 2015, the FASB issued ASU 2015-01, "Income Statement - Extraordinary and Unusual Items (Subtopic 225-20): Simplifying Income Statement Presentation by Eliminating the Concept of Extraordinary Items," which eliminates from GAAP the concept of extraordinary items stating that the concept causes uncertainty because it is unclear when an item should be considered both unusual and infrequent and that users do not find the classification and presentation necessary to identify those events and transactions. This ASU is effective for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2015, with early adoption permitted provided the guidance is applied from the beginning of the fiscal year of adoption. The Company does not expect this standard to have an impact on its consolidated financial statements upon adoption.

In August 2014, the FASB issued ASU 2014-15, "Presentation of Financial Statements - Going Concern (Subtopic 205-40): Disclosure of Uncertainties about an Entity’s Ability to Continue as a Going Concern," which requires management of a company to evaluate whether there is substantial doubt about the company’s ability to continue as a going concern. This ASU is effective for the annual reporting period ending after December 15, 2016, and for interim and annual reporting periods thereafter, with early adoption permitted. The Company does not expect this standard to have an impact on its consolidated financial statements upon adoption.

In May 2014, the FASB issued ASU 2014-09, "Revenue from Contracts with Customers (Topic 606)." The new revenue recognition standard outlines a comprehensive model for companies to use in accounting for revenue arising from contracts with customers and supersedes most current revenue recognition guidance, including industry-specific guidance. The new model provides a five-step analysis in determining when and how revenue is recognized. The core principle of the new guidance is that a company should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. In July 2015, the FASB affirmed its proposal to defer the effective date of the standard to annual reporting periods (and interim reporting periods within those years) beginning after December 15, 2017. Entities are permitted to apply the new revenue standard early, but not before the original effective date of annual periods beginning after December 15, 2016. The standard shall be applied retrospectively to each period presented or as a cumulative-effect adjustment as of the date of adoption. The Company is currently evaluating the new guidance to determine the impact it may have on its consolidated financial statements.

In April 2014, the FASB issued ASU 2014-08, "Presentation of Financial Statements (Topic 205) and Property, Plant and Equipment (Topic 360): Reporting Discontinued Operations and Disclosures of Disposals of Components of an Entity." The amendments contained in this update change the criteria for reporting discontinued operations and enhance the reporting requirements for discontinued operations. Under the revised standard, a discontinued operation must represent a strategic shift that has or will have a major effect on an entity's operations and financial results. Examples could include a disposal of a major line of business, a major geographical area, a major equity method investment, or other major parts of an entity. The revised standard will also allow an entity to have certain continuing cash flows or involvement with the component after the disposal. Additionally, the standard requires expanded disclosures about discontinued operations that will provide financial statement users with more information about the assets, liabilities, income, and expenses of discontinued operations. This ASU is effective for reporting periods beginning after December 15, 2014 with early adoption permitted, but only for disposals (or classifications as held for sale) that have not been reported in financial statements previously issued or available for issue. The Company adopted this standard in the first quarter of 2015.

B. ACCOUNTS AND NOTES RECEIVABLE

(Millions of Dollars)	2015	2014
Trade accounts receivable	**$ 1,165.0**	$ 1,204.6
Trade notes receivable	**130.6**	136.4
Other accounts receivable	**109.1**	116.4
Gross accounts and notes receivable	**1,404.7**	1,457.4
Allowance for doubtful accounts	**(72.9)**	(60.7)
Accounts and notes receivable, net	**$ 1,331.8**	$ 1,396.7
Long-term trade notes receivable, net	**$ 182.1**	$ 169.5

Trade receivables are dispersed among a large number of retailers, distributors and industrial accounts in many countries. Adequate reserves have been established to cover anticipated credit losses. Long-term trade financing receivables of $182.1 million and $169.5 million at January 2, 2016 and January 3, 2015, respectively, are reported within Other Assets in the Consolidated Balance Sheets. Financing receivables and long-term financing receivables are predominantly related to certain security equipment leases with commercial businesses. Generally, the Company retains legal title to any equipment leases and bears the right to repossess such equipment in an event of default. All financing receivables are interest bearing and the Company has not classified any financing receivables as held-for-sale. Interest income earned from financing receivables that are not delinquent is recorded on the effective interest method. The Company considers any financing receivable that has not been collected within 90 days of original billing date as past-due or delinquent. Additionally, the Company considers the credit quality of all past-due or delinquent financing receivables as nonperforming.

The Company extended the terms of its accounts receivable sale program to January 5, 2018. According to the terms of that program the Company is required to sell certain of its trade accounts receivables at fair value to a wholly owned, consolidated, bankruptcy-remote special purpose subsidiary (“BRS”). The BRS, in turn, must sell such receivables to a third-party financial institution (“Purchaser”) for cash and a deferred purchase price receivable. The Purchaser’s maximum cash investment in the receivables at any time is $100.0 million. The purpose of the program is to provide liquidity to the Company. The Company accounts for these transfers as sales under ASC 860 “Transfers and Servicing.” Receivables are derecognized from the Company’s Consolidated Balance Sheets when the BRS sells those receivables to the Purchaser. The Company has no retained interests in the transferred receivables, other than collection and administrative responsibilities and its right to the deferred purchase price receivable. At January 2, 2016, the Company did not record a servicing asset or liability related to its retained responsibility, based on its assessment of the servicing fee, market values for similar transactions and its cost of servicing the receivables sold.

At January 2, 2016 and January 3, 2015, $100.4 million and $100.3 million, respectively, of net receivables were derecognized. Gross receivables sold amounted to $1,580.4 million ($1,373.5 million, net) for the year ended January 2, 2016 and $1,421.2 million ($1,260.1 million, net) for the year ended January 3, 2015. These sales resulted in a pre-tax loss of $3.9 million and $3.6 million for the years ended January 2, 2016 and January 3, 2015, respectively. These pre-tax losses include servicing fees of $0.6 million for both the years ended January 2, 2016 and January 3, 2015. Proceeds from transfers of receivables to the Purchaser totaled $1,350.4 million and $1,262.1 million for the years ended January 2, 2016 and January 3, 2015, respectively. Collections of previously sold receivables, including deferred purchase price receivables, and all fees, which are settled one month in arrears, resulted in payments to the Purchaser of $1,350.4 million and $1,246.8 million for the years ended January 2, 2016 and January 3, 2015, respectively.

The Company’s risk of loss following the sale of the receivables is limited to the deferred purchase price receivable, which was $41.1 million at January 2, 2016 and $21.7 million at January 3, 2015. The deferred purchase price receivable will be repaid in cash as receivables are collected, generally within 30 days, and as such the carrying value of the receivable recorded approximates fair value. Delinquencies and credit losses on receivables sold were $0.3 million for both the years ended January 2, 2016 and January 3, 2015. Cash inflows related to the deferred purchase price receivable totaled $416.9 million for the year ended January 2, 2016 and $400.6 million for the year ended January 3, 2015. All cash flows under the program are reported as a component of changes in accounts receivable within operating activities in the Consolidated Statements of Cash Flows since all the cash from the Purchaser is either: 1) received upon the initial sale of the receivable; or 2) from the ultimate collection of the underlying receivables and the underlying receivables are not subject to significant risks, other than credit risk, given their short-term nature.

C. INVENTORIES

(Millions of Dollars)	2015	2014
Finished products	**$ 1,085.0**	$ 1,105.0
Work in process	**136.1**	141.4
Raw materials	**305.3**	316.3
Total	**$ 1,526.4**	$ 1,562.7

Net inventories in the amount of $651.0 million at January 2, 2016 and $600.4 million at January 3, 2015 were valued at the lower of LIFO cost or market. If the LIFO method had not been used, inventories would have been $26.7 million higher than reported at January 2, 2016 and $34.9 million higher than reported at January 3, 2015.

D. PROPERTY, PLANT AND EQUIPMENT

(Millions of Dollars)	2015	2014
Land	**$ 129.2**	$ 136.3
Land improvements	**36.0**	34.9
Buildings	**525.3**	542.8
Leasehold improvements	**98.9**	89.8
Machinery and equipment	**1,979.9**	1,895.9
Computer software	**397.5**	381.0
Property, plant & equipment, gross	**$ 3,166.8**	$ 3,080.7
Less: accumulated depreciation and amortization	**(1,716.6)**	(1,626.6)
Property, plant & equipment, net	**$ 1,450.2**	$ 1,454.1

Depreciation and amortization expense associated with property, plant and equipment was as follows:

(Millions of Dollars)	2015	2014	2013
Depreciation	**$ 219.2**	$ 229.5	$ 208.7
Amortization	**37.7**	33.9	29.3
Depreciation and amortization expense	**$ 256.9**	$ 263.4	$ 238.0

The amounts above are inclusive of depreciation and amortization expense for discontinued operations amounting to $2.7 million in 2014 and $2.8 million in 2013.

E. ACQUISITIONS

2015 ACQUISITIONS

The Company completed two small acquisitions for a total purchase price of $17.2 million, net of cash acquired, which are being integrated into the Company's Security segment.

2013 ACQUISITIONS

INFASTECH

On February 27, 2013, the Company acquired a 100% ownership interest in Infastech for a total purchase price of $826.4 million, net of cash acquired. Infastech designs, manufactures and distributes highly-engineered fastening technologies and applications for a diverse blue-chip customer base in the industrial, electronics, automotive, construction and aerospace end markets. The acquisition of Infastech added to the Company's strong positioning in specialty engineered fastening, an industry with solid growth prospects, and further expanded the Company's global footprint with its strong concentration in fast-growing emerging markets. Infastech is headquartered in Hong Kong and has been consolidated into the Company's Industrial segment.

The Infastech acquisition has been accounted for using the acquisition method of accounting which requires, among other things, the assets acquired and liabilities assumed to be recognized at their fair values as of the acquisition date. The following table summarizes the estimated fair values of major assets acquired and liabilities assumed:

(Millions of Dollars)	
Cash and cash equivalents	$ 82.0
Accounts and notes receivable, net	117.3
Inventories, net	86.7
Prepaid expenses and other current assets	5.3
Property, plant and equipment, net	46.0
Trade names	22.0
Customer relationships	251.0
Technology	28.0
Other assets	3.4
Accounts payable	(99.0)
Accrued expenses	(52.6)
Deferred taxes	(68.6)
Other liabilities	(42.8)
Total identifiable net assets	$ 378.7
Goodwill	529.7
Total consideration transferred	$ 908.4

The weighted average useful lives assigned to the trade names, customer relationships, and technology were 15 years, 12.7 years, and 10 years, respectively.

Goodwill is calculated as the excess of the consideration transferred over the net assets recognized and represents the expected cost synergies of the combined business, assembled workforce, and the going concern nature of Infastech.

GQ

On May 28, 2013, the Company purchased a 60% controlling share in Jiangsu Guoqiang Tools Co., Ltd. ("GQ") for a total purchase price of $48.5 million, net of cash acquired. GQ is a manufacturer and seller of power tools in both domestic and foreign markets. The acquisition of GQ complements the Company's existing power tools product offerings and further diversifies the Company's operations and international presence. GQ is headquartered in Qidong, China and has been consolidated into the Company's Tools & Storage segment. The estimated net liabilities acquired of GQ, including $20.4 million of intangible assets and $3.5 million of cash, totaled approximately $10.8 million and the resulting goodwill was $92.6 million. The total purchase price was allocated to the assets acquired and liabilities assumed based on their estimated fair values. In December 2015, the Company purchased the remaining 40% interest for a total purchase price of $33.5 million.

Four smaller acquisitions were completed during 2013 for a total purchase price of $40.9 million, net of cash acquired, which have been integrated into each of the Company’s three segments.

ACTUAL AND PRO-FORMA IMPACT FROM ACQUISITIONS

As noted above, the Company completed two small acquisitions in 2015 which did not have a significant impact on the Company's Consolidated Statements of Operations for the year ended January 2, 2016. The Company did not complete any acquisitions during 2014.

During 2013, the Company completed the acquisitions of Infastech, GQ and four smaller acquisitions. The following table presents supplemental pro-forma information for continuing operations for the year ended December 28, 2013 as if those acquisitions had occurred on January 2, 2012. This pro-forma information includes acquisition-related charges. The pro-forma consolidated results are not necessarily indicative of what the Company's consolidated net sales and net earnings would have been had the Company completed these acquisitions on January 2, 2012. In addition, the pro-forma consolidated results do not reflect the actual or expected realization of any cost savings associated with the acquisitions.

(Millions of Dollars, except per share amounts)	Year-to-Date 2013
Net sales	$ 11,001.5
Net earnings attributable to common shareowners	550.9
Diluted earnings per share-continuing operations	3.47

The 2013 pro-forma results were calculated by combining the results of Stanley Black & Decker with the stand-alone results of the 2013 acquisitions for their respective pre-acquisition periods. The following adjustments were made to account for certain costs which would have been incurred during these pre-acquisition periods:

- Elimination of the historical pre-acquisition intangible asset amortization expense and the addition of intangible asset amortization expense related to intangibles valued as part of the purchase price allocation that would have been incurred from December 31, 2012 to December 28, 2013.
- Because the 2013 acquisitions were assumed to occur on January 2, 2012, there were no deal costs or inventory step-up amortization factored into the 2013 pro-forma year, as such expenses would have occurred in the first year following the acquisition.

F. GOODWILL AND INTANGIBLE ASSETS

GOODWILL — The changes in the carrying amount of goodwill by segment are as follows:

(Millions of Dollars)	Tools & Storage	Security	Industrial	Total
Balance January 3, 2015	$ 3,445.7	$ 2,398.0	$ 1,431.8	**$ 7,275.5**
Acquisition adjustments	—	11.8	—	**11.8**
Foreign currency translation and other	(102.3)	(92.6)	(8.1)	**(203.0)**
Balance January 2, 2016	**$ 3,343.4**	**$ 2,317.2**	**$ 1,423.7**	**$ 7,084.3**

As discussed previously, in the first quarter of 2015 the Company combined the CDIY business with certain complementary elements of the IAR and Healthcare business (formerly part of the Industrial and Security segments, respectively) to form one Tools & Storage business. As a result, the Company reclassed $569 million of goodwill to the Tools & Storage segment as of January 3, 2015 to reflect the change in organizational structure. There was no impact to the consolidated financial statements of the Company as a result of this change.

As required by the Company's policy, goodwill and indefinite-lived trade names were tested for impairment in the third quarter of 2015. The Company assessed the fair value of its reporting units based on a discounted cash flow valuation model. The key assumptions used were discount rates and perpetual growth rates applied to cash flow projections. Also inherent in the discounted cash flow valuations were near-term revenue growth rates over the next five years. These assumptions contemplated business, market and overall economic conditions. The fair values of indefinite-lived trade names were also assessed using a discounted cash flow valuation model. The key assumptions used included discount rates, royalty rates and perpetual growth rates applied to projected sales. Based on the results of the testing in the third quarter of 2015, the Company determined that the fair values of each of its reporting units and indefinite-lived trade names exceeded their respective carrying amounts.

During the fourth quarter of 2015, in connection with its quarterly forecasting cycle, the Company updated the forecasted operating results for each of its businesses based on the most recent financial results and best estimates of future operations. The updated forecasts reflected an expected decline in near-term revenue growth and profitability for the Infrastructure reporting unit within the Industrial segment, primarily due to ongoing difficult market conditions in the oil & gas industry, particularly in certain markets such as China and Russia, as well as continued declines in scrap steel prices. Accordingly, in connection with the preparation of the Consolidated Financial Statements for the year ended January 2, 2016, the Company performed an updated impairment analysis with respect to the Infrastructure reporting unit, which included approximately $273 million of goodwill at year-end. Based on this analysis, which included revised assumptions of near-term revenue growth and profitability levels, it was determined that the fair value of the Infrastructure reporting unit exceeded its carrying value by 13%. Therefore, management concluded it was not more-likely-than-not that an impairment had occurred. Management is confident in the long-term viability and success of the Infrastructure reporting unit based on the strong long-term growth prospects of the markets and geographies served, the intensified focus and investments being made in organic growth initiatives (bolstered by the recently implemented SFS 2.0 program), and Infrastructure's leading market position in its respective industries.

In the event that future operating results of any of the Company's reporting units do not meet current expectations, management, based upon conditions at the time, would consider taking restructuring or other actions as necessary to maximize revenue growth and profitability. A thorough analysis of all the facts and circumstances existing at that time would need to be performed to determine if recording an impairment loss would be appropriate.

INTANGIBLE ASSETS — Intangible assets at January 2, 2016 and January 3, 2015 were as follows:

	2015		2014	
(Millions of Dollars)	**Gross Carrying Amount**	**Accumulated Amortization**	**Gross Carrying Amount**	**Accumulated Amortization**
Amortized Intangible Assets — Definite lives				
Patents and copyrights	**$ 50.6**	**$ (44.2)**	$ 52.8	$ (43.9)
Trade names	**164.8**	**(100.8)**	165.7	(89.6)
Customer relationships	**1,774.2**	**(995.5)**	1,832.0	(893.1)
Other intangible assets	**263.3**	**(148.7)**	275.6	(140.3)
Total	**$ 2,252.9**	**$ (1,289.2)**	$ 2,326.1	$ (1,166.9)

Total indefinite-lived trade names are $1,577.8 million at January 2, 2016 and $1,592.5 million at January 3, 2015. The year-over-year change is due to currency fluctuations.

Aggregate intangible assets amortization expense by segment was as follows:

(Millions of Dollars)	**2015**	**2014**	**2013**
Tools & Storage	**$ 39.0**	$ 40.7	$ 47.2
Industrial	**56.8**	66.9	65.4
Security	**61.3**	78.8	90.7
Consolidated	**$ 157.1**	$ 186.4	$ 203.3

The 2014 and 2013 amounts above are inclusive of amortization expense for discontinued operations amounting to $2.9 million and $4.2 million, respectively.

Future amortization expense in each of the next five years amounts to $150.0 million for 2016, $140.3 million for 2017, $131.1 million for 2018, $116.1 million for 2019, $96.5 million for 2020 and $329.7 million thereafter.

G. ACCRUED EXPENSES

Accrued expenses at January 2, 2016 and January 3, 2015 were as follows:

(Millions of Dollars)	2015	2014
Payroll and related taxes	**$ 271.8**	$ 282.7
Income and other taxes	**157.6**	139.2
Customer rebates and sales returns	**66.5**	71.3
Insurance and benefits	**71.8**	77.2
Accrued restructuring costs	**58.7**	97.6
Derivative financial instruments	**49.8**	95.0
Warranty costs	**67.8**	69.2
Deferred revenue	**89.2**	84.4
Forward share purchase contract	**150.0**	—
Other	**278.7**	305.3
Total	**$ 1,261.9**	$ 1,221.9

H. LONG-TERM DEBT AND FINANCING ARRANGEMENTS

Long-term debt and financing arrangements at January 2, 2016 and January 3, 2015 follow:

(Millions of Dollars)	Interest Rate	2015	2014
Notes payable due 2018*	*	**$ 632.5**	$ 632.5
Notes payable due 2018 (junior subordinated)	2.25%	**345.0**	345.0
Notes payable due 2021	3.40%	**407.9**	403.9
Notes payable due 2022	2.90%	**753.9**	753.8
Notes payable due 2028	7.05%	**167.0**	166.0
Notes payable due 2040	5.20%	**363.5**	362.1
Notes payable due 2052 (junior subordinated)	5.75%	**750.0**	750.0
Notes payable due 2053 (junior subordinated)	5.75%	**402.7**	398.7
Other, payable in varying amounts through 2019	0.00% - 2.43%	**19.2**	33.7
Total long-term debt, including current maturities		**$ 3,841.7**	$ 3,845.7
Less: Current maturities of long-term debt		**(5.1)**	(5.9)
Long-term debt		**$ 3,836.6**	$ 3,839.8

*See full discussion on 2018 Notes Payable below.

Aggregate annual principal maturities of long-term debt for each of the years from 2016 to 2020 are $4.7 million, $4.2 million, $980.9 million, $5.0 million, $1.3 million, respectively, and $2,854.9 million thereafter. These maturities represent the principal amounts to be paid and accordingly exclude the remaining $13.2 million of unamortized fair value adjustments made in purchase accounting, which increased the Black & Decker note payable due 2028, as well as a loss of $22.5 million pertaining to fair value adjustments and unamortized interest rate swap termination gains on interest rate swaps as described in *Note I, Derivative Financial Instruments*. Interest paid during 2015, 2014 and 2013 amounted to $176.6 million, $181.5 million and $172.6 million, respectively.

In December 2013, the Company remitted $351.8 million to the Trustee for the redemption of the $300 million of Black & Decker Corporation 5.75% senior notes due 2016. The additional $51.8 million deposited with the Trustee was to ensure that the Trustee would have sufficient funds to redeem the notes in full under the related indenture on the specified redemption date under any and all circumstances. Upon receipt of the funds, the Company's obligations with respect to the notes and the related indenture were discharged and therefore, the notes were no longer an obligation of the Company. At December 28, 2013, of the $51.8 million paid, the Company had recorded a $42.8 million pre-tax loss related to the anticipated redemption premium and $9.0 million receivable. The loss was offset by gains of $11.9 million related to the release of fair value adjustments made in purchase accounting, $8.1 million from the recognition of gains on previously terminated derivatives and $2.2 million of accrued interest, resulting in a net pre-tax loss of $20.6 million. On January 24, 2014, the Trustee formally discharged the notes for a redemption value of $342.8 million, inclusive of accrued interest and paid the Company the $9.0 million receivable.

In December 2013, the Company issued $400.0 million aggregate principal amount of 5.75% fixed-to-floating rate junior subordinated debentures maturing December 15, 2053 ("2053 Junior Subordinated Debentures"). The 2053 Junior Subordinated Debentures bears interest at a fixed rate of 5.75% per annum, payable semi-annually in arrears to, but excluding December 15, 2018. From and including December 15, 2018, the 2053 Junior Subordinated Debentures will bear interest at an annual rate equal to three-month LIBOR plus 4.304% payable quarterly in arrears. The 2053 Junior Subordinated Debentures are unsecured and rank subordinate and junior in right of payment to all of the Company's existing and future senior debt. The 2053 Junior Subordinated Debentures rank equally in right of payment with all of the Company's other unsecured junior subordinated debt. The Company received proceeds from the offering of $392.0 million, net of $8.0 million of underwriting discounts and commissions, before offering expenses. The Company used the net proceeds primarily to repay commercial paper borrowings. The Company may, so long as there is no event of default with respect to the debentures, defer interest payments on the debentures, from time to time, for one or more Optional Deferral Periods (as defined in the indenture governing the 2053 Junior Subordinated Debentures) of up to five consecutive years. Deferral of interest payments cannot extend beyond the maturity date of the debentures. The 2053 Junior Subordinated Debentures include an optional redemption provision whereby the Company may elect to redeem the debentures, in whole or in part, at a "make-whole" premium based on United States Treasury rates, plus accrued and unpaid interest if redeemed before December 15, 2018, or at 100% of their principal amount plus accrued and unpaid interest if redeemed after December 15, 2018. In addition, the Company may redeem the debentures in whole, but not in part, before December 15, 2018, if certain changes in tax laws, regulations or interpretations occur at 100% of their principal amount plus accrued and unpaid interest.

In December 2013, the Company also issued 3,450,000 Equity Units, each with a stated value of $100 and received approximately $334.7 million in cash proceeds, as described in greater detail below.

In November 2012, the Company issued $800 million of senior unsecured term notes, maturing on November 1, 2022 ("2022 Term Notes") with fixed interest payable semi-annually, in arrears, at a rate of 2.90% per annum. The 2022 Term Notes are unsecured and rank equally with all of the Company's existing and future unsecured and unsubordinated debt. The Company received net proceeds of $793.9 million which reflects a discount of $0.7 million and $5.4 million of underwriting expenses and other fees associated with the transaction. The Company used the net proceeds from the offering for general corporate purposes, including repayment of short term borrowings. The 2022 Term Notes include a Change of Control provision that would apply should a Change of Control event (as defined in the Indenture governing the 2022 Term Notes) occur. The Change of Control provision states that the holders of the Term Notes may require the Company to repurchase, in cash, all of the outstanding 2022 Term Notes for a purchase price at 101.0% of the original principal amount, plus any accrued and unpaid interest outstanding up to the repurchase date. In December 2014, the Company repurchased $45.7 million of the 2022 Term Notes and paid $45.3 million cash and recognized a net pre-tax gain of less than $0.1 million after expensing $0.3 million of related loan discount costs and deferred financing fees. At January 2, 2016, the Company's carrying value includes $0.4 million of unamortized discount.

In July 2012, the Company issued $750.0 million of junior subordinated debentures, maturing on July 25, 2052 ("2052 Junior Subordinated Debentures") with fixed interest payable quarterly, in arrears, at a rate of 5.75% per annum. The 2052 Junior Subordinated Debentures are unsecured and rank subordinate and junior in right of payment to all of the Company's existing and future senior debt. The Company received net proceeds of $729.4 million and paid $20.6 million of fees associated with the transaction. The Company used the net proceeds from the offering for general corporate purposes, including repayment of debt and refinancing of near term debt maturities. The Company may, so long as there is no event of default with respect to the debentures, defer interest payments on the debentures, from time to time, for one or more Optional Deferral Periods (as defined in the indenture governing the 2052 Junior Subordinated Debentures) of up to five consecutive years per period. Deferral of interest payments cannot extend beyond the maturity date of the debentures. Additionally, the 2052 Junior Subordinated Debentures include an optional redemption whereby the Company may elect to redeem the debentures, in whole or in part, at the redemption price plus accrued and unpaid interest if redeemed before July 25, 2017, or at 100% of their principal amount plus accrued and unpaid interest if redeemed after July 25, 2017.

At January 2, 2016, the Company's carrying value of its $400.0 million notes payable due 2021 includes a loss of $2.7 million pertaining to the fair value adjustment of fixed-to-floating interest rate swaps, $10.8 million pertaining to the unamortized gain on previously terminated swaps and a $0.2 million unamortized discount on the notes.

At January 2, 2016, the Company's carrying value on its $150.0 million notes payable due 2028 includes gains of $3.8 million pertaining to the fair value adjustment of the fixed-to-floating interest rate swaps and $13.2 million associated with fair value adjustments made in purchase accounting.

At January 2, 2016, the Company's carrying value of its $400.0 million notes payable due in 2040 includes $36.2 million pertaining to the unamortized loss on previously terminated fixed-to-floating interest rate swaps and a $0.3 million unamortized discount on the notes.

At January 2, 2016, the Company's carrying value of its $400.0 million 2053 Junior Subordinated Debentures includes a $2.7 million gain pertaining to the fair value adjustment of the fixed-to-floating interest rate swaps.

Unamortized gains and fair value adjustments associated with interest rate swaps are more fully discussed in *Note I, Derivative Financial Instruments*.

Commercial Paper and Credit Facilities

At January 2, 2016, and January 3, 2015, the Company had no commercial paper borrowings outstanding against the Company's $2.0 billion commercial paper program.

In December 2015, the Company amended and restated its existing five-year $1.5 billion committed credit facility with the concurrent execution of a new five-year $1.75 billion committed credit facility (the "Credit Agreement"). Borrowings under the Credit Agreement may include U.S. Dollars up to the $1.75 billion commitment or in Euro or Pounds Sterling subject to a foreign currency sub-limit of $400.0 million and bear interest at a floating rate dependent upon the denomination of the borrowing. Repayments must be made on December 18, 2020 or upon an earlier termination date of the Credit Agreement, at the election of the Company. The Credit Agreement is designated to be a liquidity back-stop for the Company's $2.0 billion commercial paper program. As of January 2, 2016, the Company has not drawn on this commitment.

In addition, the Company has short-term lines of credit that are primarily uncommitted, with numerous banks, aggregating $743.8 million, of which $644.1 million was available at January 2, 2016. Short-term arrangements are reviewed annually for renewal.

At January 2, 2016, the aggregate amount of committed and uncommitted, long- and short-term lines was $2.7 billion, of which $2.5 million was recorded as short-term borrowings at January 2, 2016 excluding commercial paper borrowings outstanding. In addition, $99.8 million of the short-term credit lines was utilized primarily pertaining to outstanding letters of credit for which there are no required or reported debt balances. The weighted average interest rates on short-term borrowings, primarily commercial paper, for the fiscal years ended January 2, 2016 and January 3, 2015 were 0.4% and 0.2%, respectively.

Equity Units

In December 2013, the Company issued 3,450,000 Equity Units (the "Equity Units"), each with a stated value of $100. The Equity Units are initially comprised of a 1/10, or 10%, undivided beneficial ownership in a $1,000 principal amount 2.25% junior subordinated note due 2018 (the "2018 Junior Subordinated Note") and a forward common stock purchase contract (the "Equity Purchase Contract"). The Company received approximately $334.7 million in cash proceeds from the Equity Units, net of underwriting discounts and commissions, before offering expenses, and recorded $345.0 million in long-term debt. The proceeds were used primarily to repay commercial paper borrowings. The Company also used $9.7 million of the proceeds to enter into capped call transactions utilized to hedge potential economic dilution as described in more detail below.

Equity Purchase Contracts:

Each Equity Purchase Contract obligates the holders to purchase, on November 17, 2016, for a price of $100, between 1.0122 and 1.2399 shares of the Company's common stock (subject to customary anti-dilution adjustments) or approximately 3.5 to 4.3 million common shares, respectively. As of January 2, 2016, due to customary anti-dilution provisions, the settlement rate on the Equity Units Stock was 1.0140 (equivalent to a conversion price of approximately $98.62 per common share). If a fundamental change occurs, in certain circumstances, the number of shares of common stock deliverable upon settlement of the Equity Purchase Contracts will be increased by a make-whole amount, resulting in the issuance of a maximum of approximately 6.1 million shares of common stock. Upon settlement of the Equity Purchase Contracts on November 17, 2016, the Company will receive additional cash proceeds or debt extinguishment of $345.0 million. The Junior Subordinated 2018 Notes, described further below, are initially pledged as collateral to secure the holders' obligations to purchase the Company's common stock under the terms of the Equity Purchase Contracts. Equity Purchase Contract holders may elect to settle their obligations under the Equity Purchase Contracts early, in cash.

Holders of the Equity Purchase Contracts are paid contract adjustment payments ("Contract Adjustment Payments") at a rate of 4.00% per annum, payable quarterly in arrears on February 17, May 17, August 17 and November 17 of each year, commencing February 17, 2014. The $40.2 million present value of the Contract Adjustment Payments reduced Shareowners' Equity upon issuance of the Equity Units and a related liability for the present value of the cash payments of $40.2 million was recorded. As each quarterly Contract Adjustment Payment is made, the related liability is reduced and the difference between the cash payment and the present value of the Contract Adjustment Payment of approximately $0.6 million is accreted to interest expense over the three-year term. As of January 2, 2016, the present value of the Contract Adjustment Payments was $13.6 million.

2018 Junior Subordinated Notes:

The $345.0 million aggregate principal amount of the 2018 Junior Subordinated Notes will mature on November 17, 2018. The 2018 Junior Subordinated Notes bear interest at a rate of 2.25% per annum, payable quarterly in arrears on February 17, May 17, August 17 and November 17 of each year, commencing February 17, 2014. The 2018 Junior Subordinated Notes are unsecured and rank subordinate and junior in right of payment to the Company's existing and future senior indebtedness. The 2018 Junior Subordinated Notes initially rank equally in right of payment with all of the Company's other unsecured junior subordinated debt.

The Company may elect, at its option, to remarket the 2018 Junior Subordinated Notes early during a period beginning on August 12, 2016 and ending October 26, 2016. Unless an early remarketing is successful, the Company will be required to remarket the 2018 Junior Subordinated Notes during a final remarketing period beginning on November 7, 2016 and ending November 14, 2016. Holders of Equity Units may elect not to participate in the remarketing by creating "Treasury Units" (replacing the 2018 Junior Subordinated Notes with zero-coupon U.S. Treasury securities as substitute collateral to secure their obligations under the Equity Purchase Contracts) or "Cash Settled Units" (replacing the 2018 Junior Subordinated Notes with cash as substitute collateral to secure their obligations under the Equity Purchase Contracts), or by settling the Equity Purchase Contracts early in cash prior to November 17, 2016. Upon a successful remarketing, the proceeds attributable to 2018 Junior Subordinated Notes that were components of Equity Units will be used to satisfy in full the Equity Unit holders' obligations to purchase the Company's common stock under the Equity Purchase Contracts (or, in the case of an early remarketing, will be used to purchase a portfolio of U.S. Treasury securities, the proceeds of which will be used to satisfy such obligations). At the time of the remarketing: (1) the interest rate on the 2018 Junior Subordinated Notes may be re-set and (2) the ranking of the 2018 Junior Subordinated Notes will change such that they rank senior to all of the Company's existing and future unsecured junior subordinated debt and junior to all of the Company's existing and future senior debt.

Interest expense of $7.8 million was recorded for both 2015 and 2014 related to the contractual interest coupon on the 2018 Junior Subordinated Notes.

Capped Call Transactions:

In order to offset the potential economic dilution associated with the common shares issuable upon settlement of the Equity Purchase Contracts, the Company entered into capped call transactions with a major financial institution (the "counterparty"). The capped call transactions cover, subject to customary anti-dilution adjustments, the number of shares equal to the number of shares issuable upon settlement of the Equity Purchase Contracts at the 1.0122 minimum settlement rate. The capped call transactions have a term of approximately three years and initially had a lower strike price of $98.80, which corresponds to the minimum settlement rate of the Equity Purchase Contracts, and an upper strike price of $112.91, which is approximately 40% higher than the closing price of the Company's common stock on November 25, 2013, and are subject to customary anti-dilution adjustments. With respect to the impact on the Company, the capped call transactions and Equity Units, when taken together, result in the economic equivalent of having the conversion price on Equity Units at $112.71, the upper strike of the capped call as of January 2, 2016. The Company paid $9.7 million of cash to fund the cost of the capped call transactions, which was recorded as a reduction of Shareowners' Equity. The capped call transactions may be settled by net share settlement or, at the Company's option and subject to certain conditions, cash settlement, physical settlement or modified physical settlement (in which case the number of shares the Company will receive will be reduced by a number of shares based on the excess, if any, of the volume-weighted average price of its common stock, as measured under the terms of the capped call transactions, over the upper strike price of the capped call transactions). If the capped call transactions are exercised and the volume-weighted average price per share of common stock, as measured under the terms of the capped call transactions, is greater than the lower strike price of the capped call transactions but not greater than the upper strike price of the capped call transactions, then the value the Company expects to receive from the capped call counterparties will be generally based on the amount of such excess. As a result, the capped call transactions may offset the potential dilution upon settlement of the Equity Purchase Contracts. If, however, the volume-weighted average price per share of common stock, as measured under the terms of the capped call transactions, exceeds the upper strike price of the capped call transactions, the value the Company expects to receive upon settlement of the capped call transactions (or portions thereof) will be approximately equal to (x) the excess of the upper strike price of the capped call transactions over the lower strike price of the capped call transactions times (y) the number of shares of common stock relating to the capped call transactions (or the portions thereof) being exercised, in each case as determined under the terms of the capped call transactions. As a result, the dilution mitigation under the capped call transactions will be limited based on such capped value. See *Note J, Capital Stock*, for further details on the capped call transactions.

Convertible Preferred Units

In November 2010, the Company issued 6,325,000 Convertible Preferred Units (the "Convertible Preferred Units"), each with a stated amount of $100. The Convertible Preferred Units were comprised of a 1/10, or 10%, undivided beneficial ownership in a $1,000 principal amount junior subordinated note (the "Note") and a Purchase Contract (the "Purchase Contract") obligating holders to purchase one share of the Company's 4.75% Series B Perpetual Cumulative Convertible Preferred Stock (the "Convertible Preferred Stock"). The Company received $613.5 million in cash proceeds from the Convertible Preferred Units offering, net of underwriting fees.

Purchase Contracts:

Each Purchase Contract obligated the holder to purchase, on November 17, 2015, for $100, one newly-issued share of Convertible Preferred Stock.

Holders of the Purchase Contracts were paid contract adjustment payments ("contract adjustment payments") at a rate of 0.50% per annum, payable quarterly in arrears on February 17, May 17, August 17 and November 17 of each year. The $14.9 million present value of the contract adjustment payments reduced Shareowners' Equity at inception. As each quarterly contract adjustment payment was made, the related liability was relieved with the difference between the cash payment and the present value of the contract adjustment payment recorded as interest expense.

In accordance with the Purchase Contracts, on November 17, 2015, the Company issued 6,325,000 shares of Convertible Preferred Stock and made the final contract adjustment payment on the Purchase Contracts. The purchase price for the Convertible Preferred Stock was paid using the proceeds of the remarketing described below.

Convertible Preferred Stock:

Holders of the Convertible Preferred Stock were entitled to receive cumulative cash dividends at the rate of 4.75% per annum of the $100 liquidation preference per share of the Convertible Preferred Stock. Dividends on the Convertible Preferred Stock were payable, when, as and if declared by the Company's board of directors, quarterly in arrears in conjunction with the contract adjustment payments.

On November 18, 2015, the Company informed holders that it would redeem, on December 24, 2015 (the "Redemption Date"), all outstanding shares of Convertible Preferred Stock that had not previously been converted at a redemption price of $100.49 per share in cash (the "Redemption Price"), which was equal to the liquidation preference per share of Convertible Preferred Stock of $100, plus accrued and unpaid dividends thereon to, but excluding, the Redemption Date.

Substantially all of the holders of Convertible Preferred Stock elected to convert their shares of Convertible Preferred Stock prior to the Redemption Date. The Company elected to settle all conversions of Convertible Preferred Stock through combination settlement, with a specified dollar amount of $100. The amounts due upon conversion were equal to the sum of the Daily Settlement Amounts for each of the 20 consecutive trading days during the observation period, November 23, 2015 through December 21, 2015. Daily Settlement Amount means, for each of the 20 consecutive trading days during the observation period: (1) cash equal to the lesser of (A) $5.00 and (B) 1/20th of the product of the (i) applicable conversion rate on such trading day and (ii) the daily volume-weighted average price of common stock on such trading day (the "Daily Conversion Value"); and (2) to the extent the Daily Conversion Value for such trading day exceeds $5.00, a number of shares of common stock equal to (A) the difference between such Daily Conversion Value and $5.00, divided by (B) the daily volume-weighted average price for such trading day.

The Company settled all conversions on December 24, 2015 by paying $632.5 million in cash for the $100 par value per share of Convertible Preferred Stock and issuing 2.9 million common shares for the excess value of the conversion feature above the $100 face value per share of Convertible Preferred Stock. The conversion rates used in calculating the Daily Conversion Value during the observation period, were 1.3763 (equivalent to a conversion price set at $72.66 per common share) prior to December 2, 2015 and 1.3789 (equivalent to a conversion price set at $72.52 per common share) on and after December 2, 2015.

Notes:

The $632.5 million principal amount of the Notes are due November 17, 2018. At maturity, the Company is obligated to repay the principal in cash. The Notes initially bore interest at an initial rate of 4.25% per annum, initially payable quarterly in arrears on the same dates as the contract adjustment payments. The Notes are the Company's direct, unsecured general obligations and are subordinated and junior in right of payment to the Company's existing and future senior indebtedness. The Notes initially ranked equally in right of payment with all of the Company's other junior subordinated debt. The interest rate, payment dates and ranking of the notes were reset in connection with the remarketing, as described below. The Notes were initially pledged as collateral to guarantee the obligations of holders of Purchase Contracts to purchase Convertible Preferred Stock. Upon completion of the remarketing, the Notes were released from that pledge arrangement.

The Company successfully remarketed the Notes on November 5, 2015. In connection with the remarketing, the interest rate on the notes was reset, effective on the November 17, 2015 settlement date of the remarketing, to a rate of 2.45% per annum, payable semi-annually in arrears on May 17 and November 17 of each year, commencing May 17, 2016. Following settlement of the remarketing, the Notes remain the Company's direct, unsecured general obligations subordinated and junior in right of payment to the Company's existing and future senior indebtedness, but the Notes rank senior in right of payment to specified junior indebtedness on the terms and to the extent set forth in the indentures governing such junior indebtedness.

The remarketing resulted in proceeds of $632.5 million. The Company did not directly receive any proceeds from the remarketing. Instead, the proceeds of remarketing were automatically applied to satisfy in full the related unit holders' obligations to purchase Convertible Preferred Stock under their Purchase Contracts.

Interest expense of $1.9 million was recorded for 2015, related to the contractual interest coupon on the 2018 Subordinated Notes based upon the 2.45% annual rate and $23.3 million was recorded in 2015 and $26.9 million each for 2014 and 2013, related to the contractual interest coupon on the Notes based upon the 4.25% annual rate.

The unamortized deferred issuance cost of the Notes was $5.0 million at January 2, 2016, and will be recorded to interest expense over the term of the underlying Notes.

Equity Option:

In order to offset the common shares that were deliverable upon conversion of shares of Convertible Preferred Stock, the Company entered into capped call transactions (equity options) with certain major financial institutions (the "capped call counterparties"). The capped call transactions cover, subject to anti-dilution adjustments, the number of shares of common stock equal to the number of shares of common stock underlying the maximum number of shares of Convertible Preferred Stock issuable upon settlement of the Purchase Contracts. Each of the capped call transactions had an original term of approximately five years and initially has a lower strike price of $75.00, which corresponds to the initial conversion price of the Convertible Preferred Stock, and an upper strike price of $97.95, which was approximately 60% higher than the closing price of the common stock on November 1, 2010. The Company paid $50.3 million of cash to fund the cost of the capped call transactions, which was recorded as a reduction of Shareowners' Equity. On August 5, 2015, the Company terminated the capped call options on its common stock and received 1,692,778 shares of common stock.

I. DERIVATIVE FINANCIAL INSTRUMENTS

The Company is exposed to market risk from changes in foreign currency exchange rates, interest rates, stock prices and commodity prices. As part of the Company's risk management program, a variety of financial instruments such as interest rate swaps, currency swaps, purchased currency options, foreign exchange contracts and commodity contracts, are used to mitigate interest rate exposure, foreign currency exposure and commodity price exposure.

Financial instruments are not utilized for speculative purposes. If the Company elects to do so and if the instrument meets the criteria specified in ASC 815, "Derivatives and Hedging", management designates its derivative instruments as cash flow hedges, fair value hedges or net investment hedges. Generally, commodity price exposures are not hedged with derivative financial instruments and instead are actively managed through customer pricing initiatives, procurement-driven cost reduction initiatives and other productivity improvement projects.

A summary of the fair value of the Company's derivatives recorded in the Consolidated Balance Sheets at January 2, 2016 and January 3, 2015 follows:

(Millions of Dollars)	Balance Sheet Classification	2015	2014	Balance Sheet Classification	2015	2014
Derivatives designated as hedging instruments:						
Interest Rate Contracts Cash Flow	LT other assets	**$ —**	$ —	LT other liabilities	**$ 41.1**	$ 34.3
Interest Rate Contracts Fair Value	Other current assets	**14.9**	13.2	Accrued expenses	**2.5**	1.1
	LT other assets	**1.4**	—	LT other liabilities	**5.2**	19.1
Foreign Exchange Contracts Cash Flow	Other current assets	**21.9**	43.3	Accrued expenses	**1.8**	1.7
	LT other assets	**3.7**	—	LT other liabilities	**—**	—
Net Investment Hedge	Other current assets	**30.3**	75.4	Accrued expenses	**4.8**	0.1
		$ 72.2	$ 131.9		**$ 55.4**	$ 56.3
Derivatives not designated as hedging instruments:						
Foreign Exchange Contracts	Other current assets	**$ 7.1**	$ 12.3	Accrued expenses	**$ 40.7**	$ 92.1
		$ 7.1	$ 12.3		**$ 40.7**	$ 92.1

The counterparties to all of the above mentioned financial instruments are major international financial institutions. The Company is exposed to credit risk for net exchanges under these agreements, but not for the notional amounts. The credit risk is limited to the asset amounts noted above. The Company limits its exposure and concentration of risk by contracting with diverse financial institutions and does not anticipate non-performance by any of its counterparties. Further, as more fully discussed in *Note M, Fair Value Measurements*, the Company considers non-performance risk of its counterparties at each reporting period and adjusts the carrying value of these assets accordingly. The risk of default is considered remote.

In 2015 and 2014, significant cash flows related to derivatives including those that are separately discussed in Cash Flow Hedges, Fair Value Hedges and Net Investment Hedges below resulted in net cash received of $144.4 million and net cash paid of $14.6 million, respectively.

CASH FLOW HEDGES — There was a $52.1 million and a $50.9 million after-tax loss as of January 2, 2016 and January 3, 2015, respectively, reported for cash flow hedge effectiveness in Accumulated other comprehensive loss. An after-tax gain of $12.7 million is expected to be reclassified to earnings as the hedged transactions occur or as amounts are amortized within the next twelve months. The ultimate amount recognized will vary based on fluctuations of the hedged currencies and interest rates through the maturity dates.

The tables below detail pre-tax amounts reclassified from Accumulated other comprehensive loss into earnings for active derivative financial instruments during the periods in which the underlying hedged transactions affected earnings for the twelve months ended January 2, 2016 and January 3, 2015 (in millions):

Year-to-date 2015	(Loss) Gain Recorded in OCI	Classification of Gain (Loss) Reclassified from OCI to Income	Gain (Loss) Reclassified from OCI to Income (Effective Portion)	Gain (Loss) Recognized in Income (Ineffective Portion*)
Interest Rate Contracts	**$ (6.8)**	Interest Expense	**$ —**	**$ —**
Foreign Exchange Contracts	**$ 52.5**	Cost of sales	**$ 57.4**	**$ —**

Year-to-date 2014	(Loss) Gain Recorded in OCI	Classification of Gain (Loss) Reclassified from OCI to Income	Gain (Loss) Reclassified from OCI to Income (Effective Portion)	Gain (Loss) Recognized in Income (Ineffective Portion*)
Interest Rate Contracts	**$ (34.3)**	Interest Expense	**$ —**	**$ —**
Foreign Exchange Contracts	$ 40.6	Cost of sales	$ 0.2	$ —

* Includes ineffective portion and amount excluded from effectiveness testing on derivatives.

For 2015 and 2014, the hedged items' impact to the Consolidated Statement of Operations was a loss of $57.4 million and a loss of $0.2 million, respectively, in Cost of Sales. There was no impact related to the interest rate contracts' hedged items for any period presented.

For 2015, an after-tax gain of $22.4 million and for 2014 and 2013, after-tax losses of $7.5 million and $11.7 million, respectively, were reclassified from Accumulated other comprehensive loss into earnings (inclusive of the gain/loss amortization on terminated derivative financial instruments) during the periods in which the underlying hedged transactions affected earnings.

Interest Rate Contracts: The Company enters into interest rate swap agreements in order to obtain the lowest cost source of funds within a targeted range of variable to fixed-rate debt proportions. As of January 2, 2016, and for January 3, 2015, the Company had $400 million of forward starting swaps outstanding which were executed in 2014. The objective of the hedges is to offset the expected variability on future payments associated with the interest rate on debt instruments expected to be issued in 2018. Gains or losses on the swaps are recorded in Accumulated other comprehensive loss and will be subsequently reclassified into earnings as the future interest expense is recognized in earnings or as ineffectiveness occurs.

Foreign Currency Contracts

Forward Contracts: Through its global businesses, the Company enters into transactions and makes investments denominated in multiple currencies that give rise to foreign currency risk. The Company and its subsidiaries regularly purchase inventory from subsidiaries with non-US dollar functional currencies which creates currency-related volatility in the Company's results of operations. The Company utilizes forward contracts to hedge these forecasted purchases and sales of inventory. Gains and losses reclassified from Accumulated other comprehensive income (loss) for the effective and ineffective portions of the hedge as well as any amounts excluded from effectiveness testing are recorded in Cost of sales. Gains and losses incurred after a hedge has been de-designated are not recorded in Accumulated other comprehensive income (loss), but are recorded directly to the Consolidated Statements of Operations in Other-net. At January 2, 2016, the notional value of the forward currency contracts outstanding was $439.3 million, maturing on various dates through 2017. At January 3, 2015, the notional value of the forward currency contracts outstanding was $369.5 million, maturing on various dates in 2015.

Purchased Option Contracts: The Company and its subsidiaries enter into various intercompany transactions whereby the notional values are denominated in currencies other than the functional currencies of the party executing the trade. In order to better match the cash flows of its intercompany obligations with cash flows from operations, the Company enters into purchased option contracts. Gains and losses reclassified from Accumulated other comprehensive income (loss) for the effective and ineffective portions of the hedge as well as any amounts excluded from effectiveness testing are recorded in Cost of sales. At January 2, 2016, the notional value of option contracts outstanding was $197.4 million, maturing on various dates through 2016. As of January 3, 2015, the notional value of purchased option contracts was $185.0 million, maturing on various dates in 2015.

FAIR VALUE HEDGES

Interest Rate Risk: In an effort to optimize the mix of fixed versus floating rate debt in the Company's capital structure, the Company enters into interest rate swaps. In 2014, the Company entered into interest rate swaps on the first five years of the Company's $400 million 5.75% notes due 2053. In 2012, the Company entered into interest rate swaps with notional values which equaled the Company's $400 million 3.40% notes due 2021 and $150 million 7.05% notes due 2028. These interest rate swaps effectively converted the Company's fixed rate debt to floating rate debt based on LIBOR, thereby hedging the fluctuation in fair value resulting from changes in interest rates.

Previously, the Company entered into interest rate swaps related to certain of its notes payable which were subsequently terminated as discussed below.

In 2014, the Company terminated $400 million of interest rate swaps hedging the Company's $400 million 5.20% notes due 2040. These terminations resulted in cash payments of $33.4 million and the resulting loss of $38.9 million was deferred and will be amortized to earnings over the life of the remaining notes.

In 2013, the Company repurchased the $300 million 5.75% notes due in 2016 and, as a result, $8.1 million of the previously deferred gain was recognized in earnings at that time.

The changes in fair value of the interest rate swaps during the period were recognized in earnings as well as the offsetting changes in fair value of the underlying notes. The notional value of open contracts was $950.0 million as of both January 2, 2016 and January 3, 2015. A summary of the fair value adjustments relating to these swaps is as follows (in millions):

Income Statement Classification	Year-to-Date 2015 Gain/(Loss) on Swaps*	Year-to-Date 2015 Gain /(Loss) on Borrowings	Year-to-Date 2014 Gain/(Loss) on Swaps*	Year-to-Date 2014 Gain /(Loss) on Borrowings
Interest Expense	**$ 11.8**	**$ (11.8)**	$ 123.5	$ (123.9)

* Includes ineffective portion and amount excluded from effectiveness testing on derivatives.

In addition to the fair value adjustments in the table above, the net swap accruals for each period and amortization of the gains on terminated swaps are also reported as a reduction of interest expense and totaled $14.2 million and $19.2 million for 2015 and 2014, respectively. Interest expense on the underlying debt was $47.1 million and $54.6 million for 2015 and 2014, respectively.

NET INVESTMENT HEDGES

Foreign Exchange Contracts: The Company utilizes net investment hedges to offset the translation adjustment arising from re-measurement of its investment in the assets and liabilities of its foreign subsidiaries. The total after-tax amounts in Accumulated other comprehensive income (loss) were a gain of $11.8 million and a loss of $37.2 million at January 2, 2016 and January 3, 2015, respectively. As of January 2, 2016, the Company had foreign exchange contracts that mature on various dates through 2016 with notional values totaling $1.9 billion outstanding hedging a portion of its British pound sterling, Mexican peso, Japanese yen, Swedish krona, Euro and Canadian dollar denominated net investment. As of January 3, 2015, the Company had foreign exchange contracts maturing on various dates through 2015 with notional values totaling $1.3 billion outstanding hedging a portion of its British pound sterling, Mexican peso, Japanese yen and Canadian denominated net investment. For the year ended January 2, 2016 and January 3, 2015, maturing foreign exchange contracts resulted in net cash received of $137.7 million and net cash paid of $61.4 million, respectively. Gains and losses on net investment hedges remain in Accumulated other comprehensive income (loss) until disposal of the underlying assets. The pre-tax gain or loss from fair value changes was as follows (in millions):

Income Statement Classification	Year-to-Date 2015 Amount Recorded in OCI Gain (Loss)	Year-to-Date 2015 Effective Portion Recorded in Income Statement	Year-to-Date 2015 Ineffective Portion* Recorded in Income Statement	Year-to-Date 2014 Amount Recorded in OCI Gain (Loss)	Year-to-Date 2014 Effective Portion Recorded in Income Statement	Year-to-Date 2014 Ineffective Portion* Recorded in Income Statement
Other-net	**$ 75.5**	**$ —**	**$ —**	$ 64.0	$ —	$ —

*Includes ineffective portion and amount excluded from effectiveness testing.

UNDESIGNATED HEDGES

Foreign Exchange Contracts: Currency swaps and foreign exchange forward contracts are used to reduce risks arising from the change in fair value of certain foreign currency denominated assets and liabilities (such as affiliate loans, payables and receivables). The objective of these practices is to minimize the impact of foreign currency fluctuations on operating results. The total notional amount of the contracts outstanding at January 2, 2016 was $2.0 billion of forward contracts maturing on various dates through 2016. The total notional amount of the contracts outstanding at January 3, 2015 was $1.9 billion of forward contracts maturing on various dates through 2015. The income statement impacts related to derivatives not designated as hedging instruments for 2015 and 2014 are as follows (in millions):

Derivatives Not Designated as Hedging Instruments under ASC 815	Income Statement Classification	Year-to-Date 2015 Amount of Gain (Loss) Recorded in Income on Derivative	Year-to-Date 2014 Amount of Gain (Loss) Recorded in Income on Derivative
Foreign Exchange Contracts	Other-net	**$ (8.9)**	$ (75.1)

J. CAPITAL STOCK

EARNINGS PER SHARE — The following table reconciles net earnings attributable to common shareowners and the weighted average shares outstanding used to calculate basic and diluted earnings per share for the fiscal years ended January 2, 2016, January 3, 2015, and December 28, 2013.

Earnings per Share Computation:

	2015	2014	2013
Numerator (in millions):			
Net earnings from continuing operations attributable to common shareowners	**$ 903.8**	$ 857.2	$ 520.0
Net loss from discontinued operations	**(20.1)**	(96.3)	(29.7)
Net earnings attributable to common shareowners	**$ 883.7**	$ 760.9	$ 490.3
Less: Earnings attributable to participating restricted stock units (“RSU’s”)	**—**	—	0.2
Net Earnings — basic	**$ 883.7**	$ 760.9	$ 490.1
Net Earnings — diluted	**$ 883.7**	$ 760.9	$ 490.3

	2015	2014	2013
Denominator (in thousands):			
Basic earnings per share — weighted-average shares	**148,234**	156,090	155,237
Dilutive effect of stock options and awards	**4,472**	3,647	3,539
Diluted earnings per share — weighted-average shares	**152,706**	159,737	158,776

	2015	2014	2013
Earnings (loss) per share of common stock:			
Basic earnings (loss) per share of common stock:			
Continuing operations	**$ 6.10**	$ 5.49	$ 3.35
Discontinued operations	**(0.14)**	(0.62)	(0.19)
Total basic earnings per share of common stock	**$ 5.96**	$ 4.87	$ 3.16
Diluted earnings (loss) per share of common stock:			
Continuing operations	**$ 5.92**	$ 5.37	$ 3.28
Discontinued operations	**(0.13)**	(0.60)	(0.19)
Total dilutive earnings per share of common stock	**$ 5.79**	$ 4.76	$ 3.09

The following weighted-average stock options and warrants were not included in the computation of diluted shares outstanding because the effect would be anti-dilutive (in thousands):

	2015	2014	2013
Number of stock options	**646**	634	307

As described in detail below, under "Other Equity Arrangements", the Company issued Equity Units comprised of $345.0 million of Notes and Equity Purchase Contracts, which obligate the holders to purchase on November 17, 2016, for $100, between 1.0122 and 1.2399 shares of the Company’s common stock. The shares related to the Equity Purchase Contracts were anti-dilutive during 2014 and through April 2015. Upon the November 17, 2016 settlement date, the Company will issue approximately 3.5 to 4.3 million shares of common stock, subject to customary anti-dilution adjustments, and expects to receive additional cash proceeds of $345.0 million.

COMMON STOCK ACTIVITY — Common stock activity for 2015, 2014 and 2013 was as follows:

	2015	2014	2013
Outstanding, beginning of year	**157,125,450**	155,479,230	159,952,027
Issued from treasury	**6,046,405**	1,986,796	3,828,056
Returned to treasury	**(9,227,564)**	(340,576)	(8,300,853)
Outstanding, end of year	**153,944,291**	157,125,450	155,479,230
Shares subject to the forward share purchase contract	**(5,249,332)**	(1,603,822)	—
Outstanding, less shares subject to the forward share purchase contract	**148,694,959**	155,521,628	155,479,230

The Company repurchased a total of 6,623,709 shares of common stock in 2015. Additionally, the Company net-share settled capped call options on its common stock and received 2,603,855 shares during 2015. For further detail on these transactions, see "Other Equity Arrangements" below.

In December 2015, the Company issued 2,869,169 shares of common stock to settle the conversion feature of the Convertible Preferred Stock issued and redeemed through a combination settlement. For further detail on these transactions, see "Other Equity Arrangements" below.

In March 2015, the Company entered into a forward share purchase contract on its common stock. The contract obligates the Company to pay $350.0 million, plus an additional amount related to the forward component of the contract, to the financial institution counterparty not later than March 2017, or earlier at the Company's option, for the 3,645,510 shares purchased. The reduction of common shares outstanding was recorded at the inception of the forward share purchase contract and factored into the calculation of weighted average shares outstanding at that time.

In October 2014, the Company entered into a forward share purchase contract on its common stock. The contract obligates the Company to pay $150.0 million, plus an additional amount related to the forward component of the contract, to the financial institution counterparty not later than October 2016, or earlier at the Company's option, for the 1,603,822 shares purchased. The reduction of common shares outstanding was recorded at the inception of the forward share purchase contract and factored into the calculation of weighted average shares outstanding at that time.

In April 2013, the Company received 617,037 shares upon settlement of the capped call options purchased in November 2012.

In December 2012, upon executing an accelerated share repurchase contract, the Company received 9,345,794 shares. The Company received an additional 1,608,695 shares upon settlement of the contract in April 2013. For further detail on these transactions, see "Other Equity Arrangements" below.

In 2011, the Company entered into a forward share purchase contract on its common stock. The contract obligated the Company to pay $350.0 million, plus an additional amount related to the forward component of the contract, to the financial institution counterparty not later than August 2013, or earlier at the Company's option, for the 5,581,400 shares purchased. The reduction of common shares outstanding was recorded at the inception of the forward share purchase contract and factored into the calculation of weighted average shares outstanding at that time. The Company elected to prepay the forward share purchase contract for $362.7 million in January 2013. In August 2013, the Company physically settled the contract, receiving 5,581,400 shares and $18.8 million from the financial institution counterparty representing a purchase price adjustment. These shares have been reflected as "Returned to treasury" in the table above.

COMMON STOCK RESERVED — Common stock shares reserved for issuance under various employee and director stock plans at January 2, 2016 and January 3, 2015 are as follows:

	2015	2014
Employee stock purchase plan	**2,104,326**	2,286,365
Other stock-based compensation plans	**7,994,342**	10,164,264
Total shares reserved	**10,098,668**	12,450,629

PREFERRED STOCK PURCHASE RIGHTS — Each outstanding share of common stock has a 1 share purchase right. Each purchase right may be exercised to purchase one two-hundredth of a share of Series A Junior Participating Preferred Stock at an exercise price of $220.00, subject to adjustment. The rights, which do not have voting rights, expire on March 10, 2016, and may be redeemed by the Company at a price of $0.01 per right at any time prior to the tenth day following the public announcement that a person has acquired beneficial ownership of 15% or more of the outstanding shares of common stock. In the event that the Company is acquired in a merger or other business combination transaction, provision shall be made so that each holder of a right (other than a holder who is a 14.9%-or-more shareowner) shall have the right to receive, upon exercise thereof, that number of shares of common stock of the surviving Company having a market value equal to two times the exercise price of the right. Similarly, if anyone becomes the beneficial owner of more than 15% of the then outstanding shares of common stock (except pursuant to an offer for all outstanding shares of common stock which the independent directors have deemed to be fair and in the best interest of the Company), provision will be made so that each holder of a right (other than a holder who is a 14.9%-or-more shareowner) shall thereafter have the right to receive, upon exercise thereof, common stock (or, in certain circumstances, cash, property or other securities of the Company) having a market value equal to two times the exercise price of the right. At January 2, 2016, there were 148,694,959 outstanding rights.

STOCK-BASED COMPENSATION PLANS — The Company has stock-based compensation plans for salaried employees and non-employee members of the Board of Directors. The plans provide for discretionary grants of stock options, restricted stock units and other stock-based awards.

The plans are generally administered by the Compensation and Organization Committee of the Board of Directors, consisting of non-employee directors.

Stock Option Valuation Assumptions: Stock options are granted at the fair market value of the Company's stock on the date of grant and have a 10-year term. Generally, stock option grants vest ratably over 4 years from the date of grant.

The following describes how certain assumptions affecting the estimated fair value of stock options are determined: the dividend yield is computed as the annualized dividend rate at the date of grant divided by the strike price of the stock option; expected volatility is based on an average of the market implied volatility and historical volatility for the 5.25 year expected life; the risk-free interest rate is based on U.S. Treasury securities with maturities equal to the expected life of the option; and a seven percent forfeiture rate is assumed. The Company uses historical data in order to estimate forfeitures and holding period behavior for valuation purposes.

The fair value of stock option grants is estimated on the date of grant using the Black-Scholes option pricing model. The following weighted average assumptions were used to value grants made in 2015, 2014 and 2013.

	2015	2014	2013
Average expected volatility	**25.0%**	27.0%	35.0%
Dividend yield	**2.0%**	2.2%	2.5%
Risk-free interest rate	**1.9%**	1.8%	1.6%
Expected term	**5.3 years**	5.3 years	5.3 years
Fair value per option	**$ 21.94**	$ 19.98	$ 20.70
Weighted average vesting period	**2.8 years**	2.8 years	2.8 years

Stock Options:

The number of stock options and weighted-average exercise prices are as follows:

	2015		2014		2013	
	Options	Price	Options	Price	Options	Price
Outstanding, beginning of year	**7,324,081**	**$ 67.01**	7,429,262	$ 61.69	9,056,493	$ 56.90
Granted	**996,250**	**109.23**	983,750	95.18	961,250	79.72
Exercised	**(2,154,372)**	**56.70**	(953,940)	54.02	(2,414,697)	50.75
Forfeited	**(123,120)**	**100.99**	(134,991)	85.01	(173,784)	80.97
Outstanding, end of year	**6,042,839**	**$ 77.36**	7,324,081	$ 67.01	7,429,262	$ 61.69
Exercisable, end of year	**3,774,248**	**$ 65.71**	5,146,400	$ 59.81	5,310,381	$ 57.10

At January 2, 2016, the range of exercise prices on outstanding stock options was $30.03 to $109.25. Stock option expense was $16.7 million, $16.5 million and $21.4 million for the years ended January 2, 2016, January 3, 2015 and December 28, 2013, respectively. At January 2, 2016, the Company had $32.6 million of unrecognized pre-tax compensation expense for stock options. This expense will be recognized over the remaining vesting periods which are 2.6 years on a weighted average basis.

During 2015, the Company received $122.2 million in cash from the exercise of stock options. The related tax benefit from the exercise of these options is $36.0 million. During 2015, 2014 and 2013, the total intrinsic value of options exercised was $102.7 million, $33.7 million and $72.0 million, respectively. When options are exercised, the related shares are issued from treasury stock.

ASC 718, "Compensation — Stock Compensation," requires the benefit arising from tax deductions in excess of recognized compensation cost to be classified as a financing cash flow. To quantify the recognized compensation cost on which the excess tax benefit is computed, both actual compensation expense recorded and pro-forma compensation cost reported in disclosures are considered. An excess tax benefit is generated on the extent to which the actual gain, or spread, an optionee receives upon exercise of an option exceeds the fair value determined at the grant date; that excess spread over the fair value of the option times the applicable tax rate represents the excess tax benefit. In 2015, 2014 and 2013, the Company reported $21.2 million, $7.3 million and $15.2 million, respectively, of excess tax benefits as a financing cash flow within the proceeds from issuance of common stock caption.

Outstanding and exercisable stock option information at January 2, 2016 follows:

	Outstanding Stock Options			Exercisable Stock Options		
Exercise Price Ranges	Options	Weighted-average Remaining Contractual Life	Weighted-average Exercise Price	Options	Weighted-average Remaining Contractual Life	Weighted-average Exercise Price
$35.00 and below	86,247	2.94	$ 32.95	86,247	2.94	$ 32.95
$35.01 — 50.00	117,305	3.74	48.75	117,305	3.74	48.75
$50.01 — higher	5,839,287	6.93	78.59	3,570,696	5.59	67.06
	6,042,839	6.81	$ 77.36	3,774,248	5.47	$ 65.71

Compensation cost for new grants is recognized on a straight-line basis over the vesting period. The expense for retirement eligible employees (those aged 55 and over and with 10 or more years of service) is recognized by the date they become retirement eligible, as such employees may retain their options for the 10 year contractual term in the event they retire prior to the end of the vesting period stipulated in the grant.

Employee Stock Purchase Plan:

The Employee Stock Purchase Plan ("ESPP") enables eligible employees in the United States and Canada to subscribe at any time to purchase shares of common stock on a monthly basis at the lower of 85.0% of the fair market value of the shares on the grant date ($71.29 per share for fiscal year 2015 purchases) or 85.0% of the fair market value of the shares on the last business day of each month. A maximum of 6,000,000 shares are authorized for subscription. During 2015, 2014 and 2013, 182,039 shares, 128,144 shares and 172,259 shares, respectively, were issued under the plan at average prices of $71.80, $71.69, and $58.59 per share, respectively, and the intrinsic value of the ESPP purchases was $5.4 million, $1.9 million and $3.7 million, respectively. For 2015, the Company received $13.1 million in cash from ESPP purchases, and there is no related tax benefit. The fair value of ESPP shares was estimated using the Black-Scholes option pricing model. ESPP compensation cost is recognized ratably over the one-year term based on actual employee stock purchases under the plan. The fair value of the employees' purchase rights under the ESPP was estimated using the following assumptions for 2015, 2014 and 2013, respectively: dividend yield of 2.2%, 2.5% and 2.5%; expected volatility of 19.0%, 25.0% and 28.0%; risk-free interest rates of 0.1% for all three years; and expected lives of one year. The weighted average fair value of those purchase rights granted in 2015, 2014 and 2013 was $31.41, $17.10 and $24.07, respectively. Total compensation expense recognized for ESPP amounted to $5.4 million for 2015, $2.1 million for 2014, and $4.3 million for 2013.

Restricted Share Units and Awards:

Compensation cost for restricted share units and awards, including restricted shares granted to French employees in lieu of RSU's, (collectively "RSU's") granted to employees is recognized ratably over the vesting term, which varies but is generally 4 years. RSU grants totaled 349,768 shares, 559,955 shares and 368,059 shares in 2015, 2014 and 2013, respectively. The weighted-average grant date fair value of RSU's granted in 2015, 2014 and 2013 was $107.43, $93.67 and $80.68 per share, respectively.

Total compensation expense recognized for RSU's amounted to $30.9 million, $26.0 million and $32.6 million, in 2015, 2014 and 2013, respectively. The actual tax benefit received in the period the shares were delivered was $14.7 million. The excess tax benefit recognized was $7.0 million, $3.5 million, and $4.9 million in 2015, 2014 and 2013, respectively. As of January 2, 2016, unrecognized compensation expense for RSU's amounted to $67.5 million and this cost will be recognized over a weighted-average period of 2.1 years.

A summary of non-vested restricted stock unit and award activity as of January 2, 2016, and changes during the twelve month period then ended is as follows:

	Restricted Share Units & Awards	Weighted Average Grant Date Fair Value
Non-vested at January 3, 2015	1,494,543	$ 77.16
Granted	349,768	107.43
Vested	(713,885)	101.10
Forfeited	(43,757)	100.44
Non-vested at January 2, 2016	1,086,669	$ 88.19

The total fair value of shares vested (market value on the date vested) during 2015, 2014 and 2013 was $72.2 million, $64.5 million and $63.0 million, respectively.

Non-employee members of the Board of Directors received restricted share-based grants which must be cash settled and accordingly mark-to-market accounting is applied. Additionally, the Board of Directors were granted restricted share units for which compensation expense of $1.1 million was recognized for 2015, 2014 and 2013.

Long-Term Performance Awards:

The Company has granted Long Term Performance Awards ("LTIPs") under its 2009 and 2013 Long Term Incentive Plans to senior management employees for achieving Company performance measures. Awards are payable in shares of common stock, which may be restricted if the employee has not achieved certain stock ownership levels, and generally no award is made if the employee terminates employment prior to the payout date. LTIP grants were made in 2013, 2014 and 2015. Each grant has separate annual performance goals for each year within the respective three year performance period. Earnings per share and return on capital employed or cash flow return on investment represent 75% of the share payout of each grant. There is a third market-based element, representing 25% of the total grant, which measures the Company's common stock return relative to peers over the performance period. The ultimate delivery of shares will occur in 2016, 2017 and 2018 for the 2013, 2014 and 2015 grants, respectively. Total payouts are based on actual performance in relation to these goals.

In 2010, the Company initiated a Working Capital Incentive Plan under its 2009 Long Term Incentive Plan. The program provided executives the opportunity to receive stock in the event certain working capital turn objectives were achieved by June of 2013 and sustained for a period of at least six months. The ultimate issuance of shares occurred in the third quarter of 2013 based on actual performance during the performance period.

Expense recognized for these performance awards amounted to $13.8 million in 2015, $11.4 million in 2014, and $9.4 million in 2013. With the exception of the market-based award, in the event performance goals are not met, compensation cost is not recognized and any previously recognized compensation cost is reversed.

A summary of the activity pertaining to the maximum number of shares that may be issued is as follows:

	Share Units	Weighted Average Grant Date Fair Value
Non-vested at January 3, 2015	847,973	$ 73.76
Granted	251,315	91.90
Vested	(42,771)	74.86
Forfeited	(213,976)	74.86
Non-vested at January 2, 2016	842,541	$ 78.83

OTHER EQUITY ARRANGEMENTS

In November 2013, the Company purchased from certain financial institutions “out-of-the-money” capped call options on 12.2 million shares of its common stock (subject to customary anti-dilution adjustments) for an aggregate premium of $73.5 million, or an average of $6.03 per share. The purpose of the capped call options is to hedge the risk of stock price appreciation between the lower and upper strike prices of the capped call options for a future share repurchase. In accordance with ASC 815-40 the premium paid was recorded as a reduction of Shareowners’ equity. The contracts for the options provide that they may, at the Company’s election, subject to certain conditions, be cash settled, physically settled, modified-physically settled, or net-share settled (the default settlement method). The capped call options have various expiration dates ranging from April 2016 through September 2016 and initially had an average lower strike price of $86.07 and an average upper strike price of $106.56, subject to customary market adjustments. In February 2015, the Company net-share settled 9.1 million of the 12.2 million capped call options on its common stock and received 911,077 shares using an average reference price of $96.46 per common share. Additionally, the Company purchased directly from the counterparties participating in the net-share settlement, 3,381,162 shares for $326.1 million, equating to an average price of $96.46 per share. As of January 2, 2016, due to customary market adjustments, the lower and upper strike prices of the remaining options are $85.91 and $106.36, respectively. The aggregate fair value of the remaining options at January 2, 2016 was $48.5 million. In February 2016, the Company net-share settled the remaining 3.1 million capped call options on its common stock and received 293,142 shares using an average reference price of $94.34 per common share. Additionally, the Company purchased 1,316,858 shares directly from the counterparty participating in the net-share settlement for $124.2 million. The Company also repurchased 2,446,287 shares of common stock in February 2016 for $230.9 million, equating to an average price of $94.34.

In December 2012, the Company entered into a forward starting accelerated share repurchase (“ASR”) contract with certain financial institutions to purchase $850.0 million of the Company's common stock. The Company paid $850.0 million to the financial institutions and received an initial delivery of 9.3 million shares, which reduced the Company's shares outstanding at December 29, 2012. The value of the initial shares received on the date of purchase was $680.0 million, reflecting a $72.76 price per share which was recorded as a treasury share purchase for purposes of calculating earnings per share. In accordance with ASC 815-40, the Company recorded the remaining $170.0 million as a forward contract indexed to its own common stock in additional paid in capital. In April 2013, the Company settled the contract and received 1.6 million shares determined by the average price per share paid by the financial institutions during the purchase period. The average price is calculated using the volume weighted average price ("VWAP") of the Company's stock (inclusive of a VWAP discount) during that period.

In November 2012, the Company purchased from certain financial institutions “out-of-the-money” capped call options, subject to adjustments for standard anti-dilution provisions, on 10.1 million shares of its common stock for an aggregate premium of $29.5 million, or an average of $2.92 per share. The purpose of the capped call options was to reduce share price volatility on potential future share repurchases. In accordance with ASC 815-40 the premium paid was recorded as a reduction of Shareowners’ equity. The average lower strike price was $71.43 and the average upper strike price was $79.75, subject to customary market adjustments. The capped call options were net-share settled and the Company received 0.6 million shares in April 2013. The Company recorded the receipt of treasury shares at fair value upon settlement.

Equity Units and Capped Call Transactions

As described more fully in *Note H, Long-Term Debt and Financing Arrangements*, in December 2013, the Company issued Equity Units comprised of $345.0 million of Notes and Equity Purchase Contracts. The Equity Purchase Contracts obligate the holders to purchase on November 17, 2016, for $100, between 1.0122 and 1.2399 shares of the Company’s common stock, which are equivalent to an initial settlement price of $98.80 and $80.65, respectively, per share of common stock. As of January 2, 2016, due to customary anti-dilution provisions, the settlement rate on the Equity Units Stock was 1.0140 (equivalent to a conversion price of approximately $98.62 per common share). Upon the November 17, 2016 settlement date, the Company will issue approximately 3.5 to 4.3 million shares of common stock, subject to customary anti-dilution adjustments, and expects to receive additional cash proceeds of $345.0 million. If a fundamental change occurs, in certain circumstances, the number of shares of common stock deliverable upon settlement of the Equity Purchase Contracts will be increased by the make-whole amount, resulting in the issuance of a maximum of approximately 6.1 million shares of common stock. Holders may elect to settle their Equity Purchase Contracts early in cash prior to November 17, 2016.

Contemporaneously with the issuance of the Equity Units described above, the Company paid $9.7 million, or an average of $2.77 per option, to enter into capped call transactions on 3.5 million shares of common stock with a major financial institution. The purpose of the capped call transactions is to offset the potential economic dilution associated with the common shares issuable upon the settlement of the Equity Purchase Contracts. With respect to the impact on the Company, the capped call transactions and Equity Units, when taken together, result in the economic equivalent of having the conversion price on Equity Units at $112.71, the upper strike of the capped call (as of January 2, 2016). Refer to *Note H, Long-Term Debt and Financing Arrangements,* for further discussion. In accordance with ASC 815-40, the $9.7 million premium paid was recorded as a reduction to equity.

The capped call transactions cover, subject to customary anti-dilution adjustments, the number of shares equal to the number of shares issuable upon settlement of the Equity Purchase Contracts at the 1.0122 minimum settlement rate. The capped call transactions have a term of approximately three years and initially have a lower strike price of $98.80, which corresponds to the minimum settlement rate of the Equity Purchase Contracts, and an upper strike price of $112.91, which is approximately 40% higher than the closing price of the Company's common stock on November 25, 2013, and are subject to customary anti-dilution adjustments. The capped call transactions may be settled by net share settlement (the default settlement method) or, at the Company's option and subject to certain conditions, cash settlement, physical settlement or modified physical settlement. The aggregate fair value of the options at January 2, 2016 was $26.3 million.

Convertible Preferred Units and Equity Option

As described more fully in *Note H, Long-Term Debt and Financing Arrangements*, in November 2010, the Company issued Convertible Preferred Units comprised of $632.5 million of Notes due November 17, 2018 and Purchase Contracts. The Purchase Contracts obligated the holders to purchase, on November 17, 2015, 6.3 million shares, for $100 per share, of the Company's 4.75% Series B Cumulative Convertible Preferred Stock (the "Convertible Preferred Stock"), resulting in cash proceeds to the Company of $632.5 million.

In accordance with the Purchase Contracts, on November 17, 2015, the Company issued 6.3 million shares of Convertible Preferred Stock. On November 18, 2015, the Company informed holders that it would redeem all outstanding shares of Convertible Preferred Stock on December 24, 2015 (the "Redemption Date") at $100.49 per share in cash (the "Redemption Price"), which is equal to the liquidation preference of $100 per share of Convertible Preferred Stock, plus accrued and unpaid dividends thereon to, but excluding, the Redemption Date.

The Company settled all conversions on December 24, 2015 by paying cash for the $100 par value, or $632.5 million in total, and issuing 2.9 million common shares for the excess value of the conversion feature above the $100 face value per share of Convertible Preferred Stock. The conversion rates used in calculating the Daily Conversion during the observation period, were 1.3763 (equivalent to a conversion price set at $72.66 per common share) prior to December 2, 2015 and 1.3789 (equivalent to a conversion price set at $72.52 per common share) on and after December 2, 2015.

In November 2010, contemporaneously with the issuance of the Convertible Preferred Units described above, the Company paid $50.3 million, or an average of $5.97 per option, to enter into capped call transactions (equity options) on 8.4 million shares of common stock with certain major financial institutions. The purpose of the capped call transactions was to offset the common shares that may be deliverable upon conversion of shares of Convertible Preferred Stock. Refer to *Note H, Long-Term Debt and Financing Arrangements,* for further discussion. In accordance with ASC 815-40, the $50.3 million premium paid was recorded as a reduction to equity.

The capped call transactions cover, subject to customary anti-dilution adjustments, the number of shares of common stock equal to the number of shares of common stock underlying the maximum number of shares of Convertible Preferred Stock issuable upon settlement of the Purchase Contracts. Each of the capped call transactions had a term of approximately five years and initially had a lower strike price of $75.00, which corresponded to the initial conversion price of the Convertible Preferred Stock, and an upper strike price of $97.95, which was approximately 60% higher than the closing price of the common stock on November 1, 2010. On August 5, 2015, the Company net-share settled the capped call options on its common stock and received 1,692,778 shares using an average reference price of $103.97 per common share.

K. ACCUMULATED OTHER COMPREHENSIVE LOSS

The following table summarizes the changes in the accumulated balances for each component of accumulated other comprehensive loss:

(Millions of Dollars)	Currency translation adjustment and other	Unrealized (losses) gains on cash flow hedges, net of tax	Unrealized (losses) gains on net investment hedges, net of tax	Pension (losses) gains, net of tax	Total
Balance - December 28, 2013	$ (70.5)	$ (77.3)	$ (76.8)	$ (274.4)	$ (499.0)
Other comprehensive (loss) income before reclassifications	(726.3)	18.9	39.6	(116.0)	(783.8)
Reclassification adjustments to earnings	—	7.5	—	5.1	12.6
Net other comprehensive (loss) income	(726.3)	26.4	39.6	(110.9)	(771.2)
Balance - January 3, 2015	(796.8)	(50.9)	(37.2)	(385.3)	(1,270.2)
Other comprehensive (loss) income before reclassifications	(504.1)	21.2	49.0	21.3	(412.6)
Reclassification adjustments to earnings	—	(22.4)	—	11.0	(11.4)
Net other comprehensive (loss) income	(504.1)	(1.2)	49.0	32.3	(424.0)
Balance - January 2, 2016	**$ (1,300.9)**	**$ (52.1)**	**$ 11.8**	**$ (353.0)**	**$ (1,694.2)**

(Millions of Dollars) Components of accumulated other comprehensive loss	2015 Reclassification adjustments	2014 Reclassification adjustments	Affected line item in Consolidated Statements of Operations And Comprehensive Income (Loss)
Unrealized gain on cash flow hedges	**$ 57.4**	$ 0.2	Cost of sales
Unrealized losses on cash flow hedges	**(15.1)**	(15.1)	Interest Expense
Tax effect	**(19.9)**	7.4	Income taxes on continuing operations
Unrealized gains (losses) on cash flow hedges, net of tax	**$ 22.4**	$ (7.5)	
Amortization of defined benefit pension items:			
Actuarial losses and prior service costs / credits	**$ (9.7)**	$ (4.7)	Cost of sales
Actuarial losses and prior service costs / credits	**(6.4)**	(3.2)	Selling, general and administrative
Total before taxes	**(16.1)**	(7.9)	
Tax effect	**5.1**	2.8	Income taxes on continuing operations
Amortization of defined benefit pension items, net of tax	**$ (11.0)**	$ (5.1)	

L. EMPLOYEE BENEFIT PLANS

EMPLOYEE STOCK OWNERSHIP PLAN ("ESOP") Most U.S. employees may contribute from 1% to 25% of their eligible compensation to a tax-deferred 401(k) savings plan, subject to restrictions under tax laws. Employees generally direct the investment of their own contributions into various investment funds. An employer match benefit is provided under the plan equal to one-half of each employee's tax-deferred contribution up to the first 7% of their compensation. Participants direct the entire employer match benefit such that no participant is required to hold the Company's common stock in their 401(k) account. The employer match benefit totaled $21.1 million, $19.9 million and $18.8 million in 2015, 2014 and 2013, respectively.

In addition, approximately 7,200 U.S. salaried and non-union hourly employees are eligible to receive a non-contributory benefit under the Core benefit plan. Core benefit allocations range from 2% to 6% of eligible employee compensation based on age. Approximately 3,600 U.S. employees also receive a Core transition benefit, allocations of which range from 1% to 2% of eligible compensation based on age and date of hire. Approximately 1,500 U.S. employees are eligible to receive an additional average 1% contribution actuarially designed to replace previously curtailed pension benefits. Allocations for benefits earned under the Core plan were $22.1 million in 2015, $20.7 million million in 2014 and $21.1 million in 2013. Assets held in participant Core accounts are invested in target date retirement funds which have an age-based allocation of investments.

Shares of the Company's common stock held by the ESOP were purchased with the proceeds of borrowings from the Company in 1991 ("1991 internal loan"). Shareowners' equity reflects a reduction equal to the cost basis of unearned (unallocated) shares purchased with the internal borrowings. In 2015, 2014 and 2013, the Company made additional contributions to the ESOP for $7.2 million, $9.4 million, and $9.5 million, respectively, which were used by the ESOP to make additional payments on the 1991 internal loan. These payments triggered the release of 184,753, 230,032 and 219,900 shares of unallocated stock, respectively.

Net ESOP activity recognized is comprised of the cost basis of shares released, the cost of the aforementioned Core and 401(k) match defined contribution benefits, less the fair value of shares released and dividends on unallocated ESOP shares. The Company's net ESOP activity resulted in expense of $0.8 million in 2015, $0.7 million in 2014 and $1.9 million in 2013. ESOP expense is affected by the market value of the Company's common stock on the monthly dates when shares are released. The market value of shares released averaged $101.79 in 2015, $88.05 per share in 2014 and $80.71 per share in 2013.

Unallocated shares are released from the trust based on current period debt principal and interest payments as a percentage of total future debt principal and interest payments. Dividends on both allocated and unallocated shares may be used for debt service and to credit participant accounts for dividends earned on allocated shares. Dividends paid on the shares acquired with the 1991 internal loan were used solely to pay internal loan debt service in all periods. Dividends on ESOP shares, which are charged to shareowners' equity as declared, were $9.7 million in 2015, $10.6 million in 2014 and $12.3 million in 2013, net of the tax benefit which is recorded within equity. Dividends on ESOP shares were utilized entirely for debt service in all years. Interest costs incurred by the ESOP on the 1991 internal loan, which have no earnings impact, were $3.8 million, $4.7 million and $6.1 million for 2015, 2014 and 2013, respectively. Both allocated and unallocated ESOP shares are treated as outstanding for purposes of computing earnings per share. As of January 2, 2016, the cumulative number of ESOP shares allocated to participant accounts was 13,661,101, of which participants held 2,482,944 shares, and the number of unallocated shares was 1,880,256. At January 2, 2016, there were 23,189 released shares in the ESOP trust holding account pending allocation. The Company made cash contributions totaling $4.4 million in 2015, $3.4 million in 2014 and $30.7 million in 2013 excluding additional contributions of $7.2 million, $9.4 million and $9.5 million in 2015, 2014 and 2013, respectively, as discussed previously.

PENSION AND OTHER BENEFIT PLANS — The Company sponsors pension plans covering most domestic hourly and certain executive employees, and approximately 14,000 foreign employees. Benefits are generally based on salary and years of service, except for U.S. collective bargaining employees whose benefits are based on a stated amount for each year of service.

The Company contributes to a number of multi-employer plans for certain collective bargaining U.S. employees. The risks of participating in these multiemployer plans are different from single-employer plans in the following aspects:

a. Assets contributed to the multiemployer plan by one employer may be used to provide benefit to employees of other participating employers.

b. If a participating employer stops contributing to the plan, the unfunded obligations of the plan may be inherited by the remaining participating employers.

c. If the Company chooses to stop participating in some of its multiemployer plans, the Company may be required to pay those plans an amount based on the underfunded status of the plan, referred to as a withdrawal liability.

In addition, the Company also contributes to a number of multiemployer plans outside of the U.S. The foreign plans are insured, therefore, the Company's obligation is limited to the payment of insurance premiums.

The Company has assessed and determined that none of the multiemployer plans to which it contributes are individually significant to the Company's financial statements. The Company does not expect to incur a withdrawal liability or expect to significantly increase its contributions over the remainder of the contract period.

In addition to the multiemployer plans, various other defined contribution plans are sponsored worldwide.

The expense for such defined contribution plans, aside from the earlier discussed ESOP plans, is as follows:

(Millions of Dollars)	2015	2014	2013
Multi-employer plan expense	**$ 4.0**	$ 4.0	$ 3.3
Other defined contribution plan expense	**$ 11.7**	$ 14.0	$ 14.6

The components of net periodic pension (benefit) expense are as follows:

	U.S. Plans			Non-U.S. Plans		
(Millions of Dollars)	2015	2014	2013	2015	2014	2013
Service cost	**$ 7.0**	$ 8.9	$ 7.7	**$ 14.4**	$ 13.1	$ 13.4
Interest cost	**54.0**	56.4	52.6	**46.8**	59.3	54.3
Expected return on plan assets	**(74.9)**	(72.1)	(65.1)	**(56.5)**	(61.0)	(54.9)
Prior service cost amortization	**1.8**	1.1	1.1	**0.9**	0.3	0.4
Actuarial loss amortization	**7.2**	0.9	5.7	**7.5**	7.0	5.1
Settlement / curtailment loss	**—**	—	—	**1.5**	0.3	4.6
Net periodic pension (benefit) expense	**$ (4.9)**	$ (4.8)	$ 2.0	**$ 14.6**	$ 19.0	$ 22.9

The Company provides medical and dental benefits for certain retired employees in the United States and Canada. Approximately 12,900 participants are covered under these plans. Net periodic post-retirement benefit expense was comprised of the following elements:

	Other Benefit Plans		
(Millions of Dollars)	2015	2014	2013
Service cost	**$ 0.5**	$ 1.0	$ 0.8
Interest cost	**2.1**	2.7	2.5
Prior service credit amortization	**(1.3)**	(1.4)	(1.4)
Actuarial loss amortization	**—**	(0.1)	—
Net periodic post-retirement benefit expense	**$ 1.3**	$ 2.2	$ 1.9

Changes in plan assets and benefit obligations recognized in accumulated other comprehensive loss in 2015 are as follows:

(Millions of Dollars)	2015
Current year actuarial loss	**$ 7.5**
Amortization of actuarial loss	**(14.7)**
Prior service cost from plan amendments	**6.0**
Amortization of prior service costs	**(1.4)**
Settlement / curtailment loss	**(3.0)**
Currency / other	**(16.4)**
Total income recognized in accumulated other comprehensive loss (pre-tax)	**$ (22.0)**

The amounts in Accumulated other comprehensive loss expected to be recognized as components of net periodic benefit costs during 2016 total $17.3 million, representing amortization of actuarial losses.

The changes in the pension and other post-retirement benefit obligations, fair value of plan assets, as well as amounts recognized in the Consolidated Balance Sheets, are shown below.

	U.S. Plans		Non-U.S. Plans		Other Benefits	
(Millions of Dollars)	**2015**	**2014**	**2015**	**2014**	**2015**	**2014**
Change in benefit obligation						
Benefit obligation at end of prior year	**$ 1,460.5**	$ 1,315.9	**$ 1,540.4**	$ 1,517.6	**$ 69.8**	$ 75.1
Service cost	**7.0**	8.9	**14.4**	13.1	**0.5**	1.0
Interest cost	**54.0**	56.4	**46.8**	59.3	**2.1**	2.7
Settlements/curtailments	**—**	—	**(8.0)**	(7.1)	**—**	—
Actuarial (gain) loss	**(45.8)**	178.3	**(86.7)**	168.6	**(2.1)**	1.7
Plan amendments	**5.8**	0.1	**0.2**	0.2	**—**	—
Foreign currency exchange rates	**—**	—	**(76.2)**	(132.7)	**(1.5)**	(1.0)
Participant contributions	**—**	—	**0.3**	0.3	**—**	—
Expenses paid from assets and other	**(3.4)**	(4.7)	**(1.3)**	(4.8)	**—**	—
Benefits paid	**(92.4)**	(94.4)	**(55.7)**	(74.1)	**(7.8)**	(9.7)
Benefit obligation at end of year	**$ 1,385.7**	$ 1,460.5	**$ 1,374.2**	$ 1,540.4	**$ 61.0**	$ 69.8
Change in plan assets						
Fair value of plan assets at end of prior year	**$ 1,174.1**	$ 1,052.9	**$ 1,115.7**	$ 1,075.9	**—**	$ —
Actual return on plan assets	**(19.3)**	116.1	**8.3**	169.2	**—**	—
Participant contributions	**—**	—	**0.3**	0.3	**—**	—
Employer contributions	**22.5**	104.2	**35.5**	41.1	**7.8**	9.7
Settlements	**—**	—	**(6.4)**	(5.2)	**—**	—
Foreign currency exchange rate changes	**—**	—	**(48.2)**	(86.0)	**—**	—
Expenses paid from assets and other	**(3.4)**	(4.7)	**(2.2)**	(5.5)	**—**	—
Benefits paid	**(92.4)**	(94.4)	**(55.7)**	(74.1)	**(7.8)**	(9.7)
Fair value of plan assets at end of plan year	**$ 1,081.5**	$ 1,174.1	**$ 1,047.3**	$ 1,115.7	**$ —**	$ —
Funded status — assets less than benefit obligation	**$ (304.2)**	$ (286.4)	**$ (326.9)**	$ (424.7)	**$ (61.0)**	$ (69.8)
Unrecognized prior service cost (credit)	**9.1**	5.1	**2.3**	3.2	**(6.6)**	(7.9)
Unrecognized net actuarial loss	**255.8**	214.7	**233.5**	298.7	**1.4**	3.6
Unrecognized net transition obligation	**—**	—	**0.1**	0.1	**—**	—
Net amount recognized	**$ (39.3)**	$ (66.6)	**$ (91.0)**	$ (122.7)	**$ (66.2)**	$ (74.1)

(Millions of Dollars)	U.S. Plans 2015	U.S. Plans 2014	Non-U.S. Plans 2015	Non-U.S. Plans 2014	Other Benefits 2015	Other Benefits 2014
Amounts recognized in the Consolidated Balance Sheets						
Prepaid benefit cost (non-current)	**$ —**	$ —	**$ 2.9**	$ 0.6	**$ —**	$ —
Current benefit liability	**(11.0)**	(15.9)	**(7.9)**	(8.1)	**(6.7)**	(7.5)
Non-current benefit liability	**(293.2)**	(270.5)	**(321.9)**	(417.2)	**(54.3)**	(62.3)
Net liability recognized	**$ (304.2)**	$ (286.4)	**$ (326.9)**	$ (424.7)	**$ (61.0)**	$ (69.8)
Accumulated other comprehensive loss (pre-tax):						
Prior service cost (credit)	**$ 9.1**	$ 5.1	**$ 2.3**	$ 3.2	**$ (6.6)**	$ (7.9)
Actuarial loss	**255.8**	214.7	**233.5**	298.7	**1.4**	3.6
Transition liability	**—**	—	**0.1**	0.1	**—**	—
	$ 264.9	$ 219.8	**$ 235.9**	$ 302.0	**$ (5.2)**	$ (4.3)
Net amount recognized	**$ (39.3)**	$ (66.6)	**$ (91.0)**	$ (122.7)	**$ (66.2)**	$ (74.1)

The accumulated benefit obligation for all defined benefit pension plans was $2,714.0 million at January 2, 2016 and $2,948.9 million at January 3, 2015. Information regarding pension plans in which accumulated benefit obligations exceed plan assets follows:

(Millions of Dollars)	U.S. Plans 2015	U.S. Plans 2014	Non-U.S. Plans 2015	Non-U.S. Plans 2014
Projected benefit obligation	**$ 1,385.7**	$ 1,460.5	**$ 894.5**	$ 1,511.4
Accumulated benefit obligation	**$ 1,383.9**	$ 1,460.5	**$ 855.5**	$ 1,463.3
Fair value of plan assets	**$ 1,081.5**	$ 1,174.1	**$ 566.9**	$ 1,088.3

Information regarding pension plans in which projected benefit obligations (inclusive of anticipated future compensation increases) exceed plan assets follows:

(Millions of Dollars)	U.S. Plans 2015	U.S. Plans 2014	Non-U.S. Plans 2015	Non-U.S. Plans 2014
Projected benefit obligation	**$ 1,385.7**	$ 1,460.5	**$ 921.7**	$ 1,539.6
Accumulated benefit obligation	**$ 1,383.9**	$ 1,460.5	**$ 879.4**	$ 1,488.0
Fair value of plan assets	**$ 1,081.5**	$ 1,174.1	**$ 591.9**	$ 1,114.4

The major assumptions used in valuing pension and post-retirement plan obligations and net costs were as follows:

	Pension Benefits								
	U.S. Plans			Non-U.S. Plans			Other Benefits		
	2015	2014	2013	2015	2014	2013	2015	2014	2013
Weighted-average assumptions used to determine benefit obligations at year end:									
Discount rate	**4.25%**	3.75%	4.50%	**3.25%**	3.25%	4.00%	**3.75%**	3.25%	4.00%
Rate of compensation increase	**6.00%**	6.00%	6.00%	**3.25%**	3.50%	3.75%	**3.50%**	3.50%	3.50%
Weighted-average assumptions used to determine net periodic benefit cost:									
Discount rate	**3.75%**	4.50%	3.75%	**3.25%**	4.00%	4.00%	**3.25%**	4.00%	3.00%
Rate of compensation increase	**6.00%**	6.00%	6.00%	**3.50%**	3.75%	3.25%	**3.50%**	3.50%	3.50%
Expected return on plan assets	**6.50%**	7.00%	6.25%	**5.25%**	5.75%	6.00%	—	—	—

The expected rate of return on plan assets is determined considering the returns projected for the various asset classes and the relative weighting for each asset class. The Company will use a 5.60% weighted-average expected rate of return assumption to determine the 2016 net periodic benefit cost.

PENSION PLAN ASSETS — Plan assets are invested in equity securities, government and corporate bonds and other fixed income securities, money market instruments and insurance contracts. The Company’s worldwide asset allocations at January 2, 2016 and January 3, 2015 by asset category and the level of the valuation inputs within the fair value hierarchy established by ASC 820 are as follows (in millions):

Asset Category	2015	Level 1	Level 2
Cash and cash equivalents	**$ 58.1**	$ 39.7	$ 18.4
Equity securities			
U.S. equity securities	**296.3**	50.4	245.9
Foreign equity securities	**269.0**	43.2	225.8
Fixed income securities			
Government securities	**696.7**	248.3	448.4
Corporate securities	**716.9**	—	716.9
Insurance contracts	**33.2**	—	33.2
Other	**58.6**	—	58.6
Total	**$ 2,128.8**	$ 381.6	$ 1,747.2

Asset Category	2014	Level 1	Level 2
Cash and cash equivalents	**$ 98.6**	$ 50.7	$ 47.9
Equity securities			
U.S. equity securities	**305.9**	50.9	255.0
Foreign equity securities	**280.5**	41.3	239.2
Fixed income securities			
Government securities	**791.7**	261.1	530.6
Corporate securities	**676.5**	—	676.5
Insurance contracts	**34.0**	—	34.0
Other	**102.6**	—	102.6
Total	**$ 2,289.8**	$ 404.0	$ 1,885.8

U.S. and foreign equity securities primarily consist of companies with large market capitalizations and to a lesser extent mid and small capitalization securities. Government securities primarily consist of U.S. Treasury securities and foreign government securities with de minimus default risk. Corporate fixed income securities include publicly traded U.S. and foreign investment grade and to a small extent high yield securities. Assets held in insurance contracts are invested in the general asset pools of the various insurers, mainly debt and equity securities with guaranteed returns. Other investments include diversified private equity holdings. The level 2 investments are primarily comprised of institutional mutual funds that are not publicly traded; the investments held in these mutual funds are generally level 1 publicly traded securities.

The Company's investment strategy for pension assets focuses on a liability-matching approach with gradual de-risking taking place over a period of many years. The Company utilizes the current funded status to transition the portfolio toward investments that better match the duration and cash flow attributes of the underlying liabilities. Assets approximating 50% of the Company's current pension liabilities have been invested in fixed income securities, using a liability / asset matching duration strategy, with the primary goal of mitigating exposure to interest rate movements and preserving the overall funded status of the underlying plans. Plan assets are broadly diversified and are invested to ensure adequate liquidity for immediate and medium term benefit payments. The Company’s target asset allocations include 25%-45% in equity securities, 50%-70% in fixed income securities and up to 10% in other securities. In 2015, the funded status percentage (total plan assets divided by total projected benefit obligation) of all global pension plans improved from 76% in 2014 to 77%.

CONTRIBUTIONS — The Company’s funding policy for its defined benefit plans is to contribute amounts determined annually on an actuarial basis to provide for current and future benefits in accordance with federal law and other regulations. The Company expects to contribute approximately $52 million to its pension and other post-retirement benefit plans in 2016.

EXPECTED FUTURE BENEFIT PAYMENTS — Benefit payments, inclusive of amounts attributable to estimated future employee service, are expected to be paid as follows over the next 10 years:

(Millions of Dollars)	Total	Year 1	Year 2	Year 3	Year 4	Year 5	Years 6-10
Future payments	$ 1,567.9	$ 152.0	$ 196.1	$ 149.9	$ 148.2	$ 150.6	$ 771.1

These benefit payments will be funded through a combination of existing plan assets and amounts to be contributed in the future by the Company.

HEALTH CARE COST TRENDS — The weighted average annual assumed rate of increase in the per-capita cost of covered benefits (i.e., health care cost trend rate) is assumed to be 7.1% for 2016, reducing gradually to 4.5% by 2028 and remaining at that level thereafter. A one percentage point change in the assumed health care cost trend rate would affect the post-retirement benefit obligation as of January 2, 2016 by approximately $1.8 million to $2.0 million, and would have an immaterial effect on the net periodic post-retirement benefit cost.

M. FAIR VALUE MEASUREMENTS

FASB ASC 820, "Fair Value Measurement," defines, establishes a consistent framework for measuring, and expands disclosure requirements about fair value. ASC 820 requires the Company to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. Observable inputs reflect market data obtained from independent sources, while unobservable inputs reflect the Company's market assumptions. These two types of inputs create the following fair value hierarchy:

Level 1 — Quoted prices for identical instruments in active markets.

Level 2 — Quoted prices for similar instruments in active markets; quoted prices for identical or similar instruments in markets that are not active; and model-derived valuations whose inputs and significant value drivers are observable.

Level 3 — Instruments that are valued using unobservable inputs.

The Company holds various derivative financial instruments that are employed to manage risks, including foreign currency and interest rate exposures. These financial instruments are carried at fair value and are included within the scope of ASC 820. The Company determines the fair value of derivatives through the use of matrix or model pricing, which utilizes observable inputs such as market interest and currency rates. When determining the fair value of these financial instruments for which Level 1 evidence does not exist, the Company considers various factors including the following: exchange or market price quotations of similar instruments, time value and volatility factors, the Company's own credit rating and the credit rating of the counter-party.

The following table presents the Company's financial assets and liabilities that are measured at fair value on a recurring basis for each of the hierarchy levels:

(Millions of Dollars)	Total Carrying Value	Level 1	Level 2
January 2, 2016:			
Money market fund	$ 7.0	$ 7.0	$ —
Derivative assets	$ 79.3	$ —	$ 79.3
Derivative liabilities	$ 96.1	$ —	$ 96.1
January 3, 2015:			
Money market fund	$ 9.9	$ 9.9	$ —
Derivative assets	$ 144.2	$ —	$ 144.2
Derivative liabilities	$ 148.4	$ —	$ 148.4

As discussed in *Note T, Discontinued Operations,* the Company recorded a pre-tax impairment loss of $60.7 million in the fourth quarter of 2014 in order to measure the Security segment's Spain and Italy operations at their estimated fair values less cost to sell. The estimated fair values were determined using Level 3 inputs, including relevant market information as well as a discounted cash flow analysis based on estimated projections.

The Company had no other significant non-recurring fair value measurements, nor any financial assets or liabilities measured using Level 3 inputs, during 2015 and 2014.

The following table presents the carrying values and fair values of the Company's financial assets and liabilities, as well as the Company's debt, as of January 2, 2016 and January 3, 2015:

	January 2, 2016		January 3, 2015	
(Millions of Dollars)	**Carrying Value**	**Fair Value**	**Carrying Value**	**Fair Value**
Other investments	**$ 11.7**	**$ 11.7**	$ 11.7	$ 11.9
Derivative assets	**$ 79.3**	**$ 79.3**	$ 144.2	$ 144.2
Derivative liabilities	**$ 96.1**	**$ 96.1**	$ 148.4	$ 148.4
Long-term debt, including current portion	**$ 3,841.7**	**$ 4,034.4**	$ 3,845.7	$ 4,323.8

The other investments relate to the West Coast Loading Corporation ("WCLC") trust and are considered Level 1 instruments within the fair value hierarchy. The long-term debt instruments are considered Level 2 instruments and are measured using a discounted cash flow analysis based on the Company's marginal borrowing rates. The differences between the carrying values and fair values of long-term debt are attributable to the stated interest rates differing from the Company's marginal borrowing rates. The fair values of the Company's variable rate short term borrowings approximate their carrying values at January 2, 2016 and January 3, 2015. The fair values of foreign currency and interest rate swap agreements, comprising the derivative assets and liabilities in the table above, are based on current settlement values.

As discussed in *Note B, Accounts and Notes Receivable*, the Company has a deferred purchase price receivable related to sales of trade receivables. The deferred purchase price receivable will be repaid in cash as receivables are collected, generally within 30 days, and as such the carrying value of the receivable approximates fair value.

Refer to *Note I, Derivative Financial Instruments*, for more details regarding derivative financial instruments, *Note S, Contingencies,* for more details regarding the other investments related to the WCLC trust, and *Note H, Long-Term Debt and Financing Arrangements*, for more information regarding the carrying values of the long-term debt.

N. OTHER COSTS AND EXPENSES

Other-net is primarily comprised of intangible asset amortization expense (See *Note F, Goodwill and Intangible Assets*), currency related gains or losses, environmental remediation expense and other charges primarily consisting of merger and acquisition-related transaction costs, as well as pension curtailments and settlements.

Research and development costs, which are classified in SG&A, were $188.0 million, $174.6 million and $170.7 million for fiscal years 2015, 2014 and 2013, respectively.

O. RESTRUCTURING CHARGES AND ASSET IMPAIRMENTS

A summary of the restructuring reserve activity from January 3, 2015 to January 2, 2016 is as follows (in millions):

	1/3/2015	Net Additions	Usage	Currency	1/2/2016
Severance and related costs	$ 81.2	$ 32.7	$ (66.5)	$ (3.1)	**$ 44.3**
Facility closures and asset impairments	16.4	14.9	(16.6)	(0.3)	**14.4**
Total	$ 97.6	$ 47.6	$ (83.1)	$ (3.4)	**$ 58.7**

During 2015, the Company recognized net restructuring charges and asset impairments of $47.6 million. Net severance charges totaled $32.7 million relating to the reduction of approximately 1,300 employees, inclusive of reversals due to the elimination of excess severance accruals and changes in management's strategy for certain prior year actions as a result of new developments during 2015. The Company also recognized $5.1 million of facility closure costs and $9.8 million of asset impairments.

The majority of the $58.7 million reserves remaining as of January 2, 2016 is expected to be utilized within the next twelve months.

Segments: The $47.6 million of net restructuring charges and asset impairments for the twelve months ended January 2, 2016 includes: $17.6 million of net charges pertaining to the Tools & Storage segment; $28.7 million of net charges pertaining to the Security segment; $12.0 million of net charges pertaining to the Industrial segment; and $10.7 million of net reserve reductions pertaining to Corporate.

P. BUSINESS SEGMENTS AND GEOGRAPHIC AREAS

As previously discussed, in the first quarter of 2015 the Company combined the CDIY business with certain complementary elements of the IAR and Healthcare businesses (formerly part of the Industrial and Security segments, respectively) to form one Tools & Storage business. As a result, the Company recast segment financial information for all years to align with this change in organizational structure. There was no impact to the consolidated financial statements of the Company as a result of this change.

The Company classifies its business into three reportable segments, which also represent its operating segments: Tools & Storage, Security and Industrial.

The Tools & Storage segment is comprised of the Power Tools and Hand Tools & Storage businesses. The Power Tools business includes professional products, consumer products and power tool accessories. Professional products include professional grade corded and cordless electric power tools and equipment including drills, impact wrenches and drivers, grinders, saws, routers and sanders as well as pneumatic tools and fasteners including nail guns, nails, staplers, and staples, concrete and masonry anchors. Consumer products include corded and cordless electric power tools sold primarily under the BLACK + DECKER brand, lawn and garden products, including hedge trimmers, string trimmers, lawn mowers, edgers, and related accessories, and home products such as hand held vacuums, paint tools, and cleaning appliances. Power tool accessories include drill bits, router bits, abrasives and saw blades. The Hand Tools & Storage business sells measuring, leveling and layout tools, planes, hammers, demolition tools, knives, saws, chisels, and industrial and automotive tools. Storage products include tool boxes, sawhorses, medical cabinets, and engineered storage solution products.

The Security segment is comprised of the Convergent Security Solutions ("CSS") and Mechanical Access Solutions ("MAS") businesses. The CSS business designs, supplies and installs electronic security systems and provides electronic security services, including alarm monitoring, video surveillance, fire alarm monitoring, systems integration and system maintenance. Purchasers of these systems typically contract for ongoing security systems monitoring and maintenance at the time of initial equipment installation. The business also includes healthcare solutions, which markets asset tracking, infant protection, pediatric protection, patient protection, wander management, fall management, and emergency call products. The MAS business sells automatic doors, commercial hardware, locking mechanisms, electronic keyless entry systems, keying systems, tubular and mortise door locksets.

The Industrial segment is comprised of the Engineered Fastening and Infrastructure businesses. The Engineered Fastening business primarily sells engineered fastening products and systems designed for specific applications. The product lines include stud welding systems, blind rivets and tools, blind inserts and tools, drawn arc weld studs, engineered plastic and mechanical fasteners, self-piercing riveting systems, precision nut running systems, micro fasteners, and high-strength structural fasteners. The Infrastructure business consists of the Oil & Gas and Hydraulics businesses. The Oil & Gas business sells and rents custom pipe handling, joint welding and coating equipment used in the construction of large and small diameter pipelines, and provides pipeline inspection services. The Hydraulics business sells hydraulic tools and accessories.

The Company utilizes segment profit, which is defined as net sales minus cost of sales and SG&A inclusive of the provision for doubtful accounts (aside from corporate overhead expense), and segment profit as a percentage of net sales to assess the profitability of each segment. Segment profit excludes the corporate overhead expense element of SG&A, interest income, interest expense, other-net (inclusive of intangible asset amortization expense), restructuring, and income taxes. Refer to *Note O, Restructuring Charges and Asset Impairments*, for the amount of net restructuring charges by segment, and to *Note F, Goodwill and Intangible Assets*, for intangible amortization expense by segment. Corporate overhead is comprised of world headquarters facility expense, cost for the executive management team and cost for certain centralized functions that benefit the entire Company but are not directly attributable to the businesses, such as legal and corporate finance functions. Transactions between segments are not material. Segment assets primarily include accounts receivable, inventory, other current assets, property, plant and equipment, intangible assets and other miscellaneous assets.

Geographic net sales and long-lived assets are attributed to the geographic regions based on the geographic location of each Company subsidiary.

BUSINESS SEGMENTS

(Millions of Dollars)	2015	2014	2013
Net Sales			
Tools & Storage	**$ 7,140.7**	$ 7,033.0	$ 6,705.0
Security	**2,092.9**	2,261.2	2,295.9
Industrial	**1,938.2**	2,044.4	1,888.6
Consolidated	**$ 11,171.8**	$ 11,338.6	$ 10,889.5
Segment Profit			
Tools & Storage	**$ 1,170.1**	$ 1,074.4	$ 951.7
Security	**239.6**	259.2	235.2
Industrial	**339.9**	350.6	280.2
Segment Profit	**1,749.6**	1,684.2	1,467.1
Corporate overhead	**(164.0)**	(177.4)	(254.0)
Other-net	**(222.0)**	(239.7)	(283.9)
Restructuring charges and asset impairments	**(47.6)**	(18.8)	(173.7)
Gain (loss) on debt extinguishment	**—**	0.1	(20.6)
Interest income	**15.2**	13.6	12.8
Interest expense	**(180.4)**	(177.2)	(160.1)
Earnings from continuing operations before income taxes	**$ 1,150.8**	$ 1,084.8	$ 587.6
Capital and Software Expenditures			
Tools & Storage	**$ 191.7**	$ 183.0	$ 196.1
Security	**35.9**	27.9	79.8
Industrial	**83.8**	74.3	61.2
Discontinued operations	**—**	5.8	3.2
Consolidated	**$ 311.4**	$ 291.0	$ 340.3
Depreciation and Amortization			
Tools & Storage	**$ 196.5**	$ 193.9	$ 191.7
Security	**105.2**	127.8	132.1
Industrial	**112.3**	122.5	110.5
Discontinued operations	**$ —**	$ 5.6	$ 7.0
Consolidated	**$ 414.0**	$ 449.8	$ 441.3
Segment Assets			
Tools & Storage	**$ 8,492.9**	$ 8,568.2	$ 9,004.9
Security	**3,741.6**	3,972.0	4,355.5
Industrial	**3,438.7**	3,501.8	3,668.3
	15,673.2	16,042.0	17,028.7
Discontinued operations	**—**	29.5	136.9
Corporate assets	**(500.9)**	(222.4)	(630.5)
Consolidated	**$ 15,172.3**	$ 15,849.1	$ 16,535.1

Corporate assets primarily consist of cash, deferred taxes, and property, plant and equipment. Based on the nature of the Company's cash pooling arrangements, at times corporate-related cash accounts will be in a net liability position.

Sales to the Home Depot were 13%, 11%, and 11% of the Tools & Storage segment net sales in 2015, 2014 and 2013, respectively. Sales to Lowes were 14%, 13% and 13% of the Tools & Storage segment net sales in 2015, 2014 and 2013, respectively.

In 2013, the Company recorded $165 million of facility closure-related and other charges associated with the merger and other acquisitions across all segments, impacting segment profit by $18 million in Tools & Storage, $20 million in Industrial, and $38 million in Security for the year ended December 28, 2013, with the remainder residing in corporate overhead.

GEOGRAPHIC AREAS

(Millions of Dollars)	2015	2014	2013
Net Sales			
United States	**$ 5,882.0**	$ 5,492.4	$ 5,208.0
Canada	**516.3**	591.3	600.3
Other Americas	**706.5**	788.4	818.2
France	**595.7**	695.6	704.6
Other Europe	**2,371.5**	2,585.3	2,417.9
Asia	**1,099.8**	1,185.6	1,140.5
Consolidated	**$ 11,171.8**	$ 11,338.6	$ 10,889.5
Property, Plant & Equipment			
United States	**$ 676.0**	$ 639.7	$ 620.7
Canada	**19.1**	20.9	25.0
Other Americas	**82.6**	82.2	84.4
France	**64.8**	74.7	85.3
Other Europe	**328.4**	333.2	368.8
Asia	**279.3**	303.4	294.4
Consolidated	**$ 1,450.2**	$ 1,454.1	$ 1,478.6

Q. INCOME TAXES

Significant components of the Company's deferred tax assets and liabilities at the end of each fiscal year were as follows:

(Millions of Dollars)	2015	2014
Deferred tax liabilities:		
Depreciation	**$ 99.6**	$ 72.7
Amortization of intangibles	**868.5**	888.3
Liability on undistributed foreign earnings	**319.9**	369.2
Discharge of indebtedness	**9.3**	12.4
Inventories	**—**	8.8
Deferred revenue	**25.5**	32.0
Other	**66.8**	59.4
Total deferred tax liabilities	**$ 1,389.6**	$ 1,442.8
Deferred tax assets:		
Employee benefit plans	**$ 361.1**	$ 308.3
Doubtful accounts and other customer allowances	**19.0**	15.0
Inventories	**16.1**	—
Accruals	**135.6**	131.7
Restructuring charges	**12.6**	42.2
Operating loss, capital loss and tax credit carryforwards	**562.5**	594.6
Currency and derivatives	**42.2**	47.3
Other	**82.7**	97.1
Total deferred tax assets	**$ 1,231.8**	$ 1,236.2
Net Deferred Tax Liabilities before Valuation Allowance	**$ 157.8**	$ 206.6
Valuation allowance	**$ 480.7**	$ 551.9
Net Deferred Tax Liabilities after Valuation Allowance	**$ 638.5**	$ 758.5

The Company adopted ASU 2013-11, "Income Taxes (Topic 740): Presentation of an Unrecognized Tax Benefit When a Net Operating Loss Carryforward, a Similar Tax Loss, or a Tax Credit Carryforward Exists," during the first quarter of 2014. This ASU provides that a liability related to an unrecognized tax benefit should be offset against a deferred tax asset for a net operating loss carryforward, a similar tax loss or a tax credit carryforward if such settlement is required or expected in the event the uncertain tax position is disallowed. As a result, the Company reclassified $30.1 million of unrecognized tax benefits as of January 2, 2016 and $142.9 million of unrecognized tax benefits as of January 3, 2015, which is reflected in the Operating loss, capital loss and tax credit carryforwards line in the table above. The reduction in the amount of the reclassification is primarily due to the utilization of foreign tax credits during 2015.

The Company's liability on undistributed foreign earnings decreased by $49.3 million during 2015, of which $31.0 million was recorded to the income tax provision and $18.3 million was recorded to currency translation adjustments within Accumulated other comprehensive loss. The amount recorded to currency translation adjustments was driven by the significant fluctuations in foreign exchange rates during 2015, which had the effect of reducing the liability. The amount recorded to the income tax provision is primarily related to a remeasurement of the liability due to a reduction in the taxable earnings and profits of a foreign subsidiary.

Net operating loss carryforwards of $1.183 billion as of January 2, 2016, are available to reduce future tax obligations of certain U.S. and foreign companies. The net operating loss carryforwards have various expiration dates beginning in 2016 with certain jurisdictions having indefinite carry forward periods. The U.S. federal capital loss carry forward of $672.2 million begins expiring in 2017. The capital loss carryforward is primarily attributable to the sale of shares for the U.S. HHI business during the tax year ended December 29, 2012. The U.S. foreign tax credit carryforwards of $15.7 million and research and development tax credit carryforwards of $1.8 million begin expiring in 2023 and 2035, respectively.

A valuation allowance is recorded on certain deferred tax assets if it has been determined it is more likely than not that all or a portion of these assets will not be realized. The Company recorded a valuation allowance of $480.7 million and $551.9 million for deferred tax assets existing as of January 2, 2016 and January 3, 2015, respectively. The valuation allowance is primarily attributable to foreign and state net operating loss carryforwards and a U.S. federal capital loss carryforward, the majority of which was realized upon the sale of the HHI business. Capital losses are only allowed to offset capital gains, of which $38 million (tax effected) was utilized in 2015.

The classification of deferred taxes as of January 2, 2016 and January 3, 2015 is as follows:

	2015		2014	
(Millions of Dollars)	**Deferred Tax Asset**	**Deferred Tax Liability**	**Deferred Tax Asset**	**Deferred Tax Liability**
Current	**$ (85.4)**	**$ 18.5**	$ (137.4)	$ 11.9
Non-current	**(120.5)**	**825.9**	(108.7)	992.7
Total	**$ (205.9)**	**$ 844.4**	$ (246.1)	$ 1,004.6

Income tax expense (benefit) attributable to continuing operations consisted of the following:

(Millions of Dollars)	**2015**	**2014**	**2013**
Current:			
Federal	**$ 64.4**	$ 18.4	$ 84.0
Foreign	**171.4**	141.1	123.5
State	**14.1**	17.1	(3.0)
Total current	**$ 249.9**	$ 176.6	$ 204.5
Deferred:			
Federal	**$ 64.2**	$ 55.3	$ (77.1)
Foreign	**(47.3)**	(19.3)	(50.6)
State	**(18.2)**	14.5	(8.2)
Total deferred	**(1.3)**	50.5	(135.9)
Income taxes on continuing operations	**$ 248.6**	$ 227.1	$ 68.6

Net income taxes paid during 2015, 2014 and 2013 were $191.6 million, $113.7 million and $147.3 million, respectively. The 2015 and 2014 amounts include refunds of $31.0 million and $47.1 million, respectively, primarily related to prior year overpayments and closing of tax audits. The 2013 amount includes refunds of $64.5 million primarily related to the closing of a tax audit and a foreign tax credit carry back claim.

The reconciliation of the U.S. federal statutory income tax provision to the income taxes provision on continuing operations is as follows:

(Millions of Dollars)	2015	2014	2013
Tax at statutory rate	**$ 402.9**	$ 379.7	$ 205.8
State income taxes, net of federal benefits	**14.9**	24.3	(6.6)
Difference between foreign and federal income tax	**(166.9)**	(178.0)	(124.9)
Tax accrual reserve	**43.9**	1.1	15.3
Audit settlements	**1.3**	(5.3)	0.9
NOL/capital loss & valuation allowance related items	**(21.6)**	2.7	6.8
Foreign dividends and related items	**19.1**	25.6	(9.5)
Change in deferred tax liabilities on undistributed foreign earnings	**(31.0)**	(6.0)	(19.5)
Statutory income tax rate change	**4.8**	(0.6)	(1.7)
Other-net	**(18.8)**	(16.4)	2.0
Income taxes on continuing operations	**$ 248.6**	$ 227.1	$ 68.6

The components of earnings from continuing operations before income taxes consisted of the following:

(Millions of Dollars)	2015	2014	2013
United States	**$ 405.5**	$ 234.4	$ 112.7
Foreign	**745.3**	850.4	474.9
Earnings from continuing operations before income taxes	**$ 1,150.8**	$ 1,084.8	$ 587.6

Except for certain legacy Black & Decker foreign earnings, as described below, all remaining undistributed foreign earnings of the Company at January 2, 2016, in the amount of approximately $4.391 billion, are considered to be invested indefinitely or will be remitted substantially free of additional tax. Accordingly, no provision has been made for tax that might be payable upon remittance of such earnings, nor is it practicable to determine the amount of this liability. As of January 2, 2016, the amount of earnings subject to repatriation is $1.312 billion for which a deferred tax liability of $319.9 million exists.

The Company's liabilities for unrecognized tax benefits relate to U.S. and various foreign jurisdictions. The following table summarizes the activity related to the unrecognized tax benefits:

(Millions of Dollars)	2015	2014	2013
Balance at beginning of year	**$ 280.8**	$ 269.5	$ 207.2
Additions based on tax positions related to current year	**23.2**	27.4	37.1
Additions based on tax positions related to prior years	**24.3**	40.1	46.9
Reductions based on tax positions related to prior years	**(14.3)**	(30.9)	(13.2)
Settlements	**(21.5)**	(5.9)	7.7
Statute of limitations expirations	**(9.4)**	(19.4)	(16.2)
Balance at end of year	**$ 283.1**	$ 280.8	$ 269.5

The gross unrecognized tax benefits at January 2, 2016 and January 3, 2015 includes $262.2 million and $261.0 million, respectively, of tax benefits that, if recognized, would impact the effective tax rate. The liability for potential penalties and interest related to unrecognized tax benefits was decreased by $0.1 million in 2015, increased by $22.0 million in 2014 and increased by $4.1 million in 2013. The liability for potential penalties and interest totaled $59.5 million as of January 2, 2016, $59.6 million as of January 3, 2015, and $37.6 million as of December 28, 2013. The Company classifies all tax-related interest and penalties as income tax expense.

The Company considers many factors when evaluating and estimating its tax positions and the impact on income tax expense, which may require periodic adjustments and which may not accurately anticipate actual outcomes. It is reasonably possible that the amount of the unrecognized benefit with respect to certain of the Company's unrecognized tax positions will significantly increase or decrease within the next 12 months. These changes may be the result of settlement of ongoing audits or final decisions in transfer pricing matters. At this time, an estimate of the range of reasonably possible outcomes is $5 million to $10 million.

The Company is subject to the examination of its income tax returns by the Internal Revenue Service and other tax authorities. Tax years 2008 and 2009 have been settled with the Internal Revenue Service as of December 23, 2014 and tax years 2010, 2011, and 2012 are currently under audit. The Company also files many state and foreign income tax returns in jurisdictions with varying statutes of limitations. Tax years 2011 and forward generally remain subject to examination by most state tax authorities. In significant foreign jurisdictions, tax years 2010 and forward generally remain subject to examination.

R. COMMITMENTS AND GUARANTEES

COMMITMENTS — The Company has non-cancelable operating lease agreements, principally related to facilities, vehicles, machinery and equipment. Minimum payments have not been reduced by minimum sublease rentals of $1.6 million due in the future under non-cancelable subleases. Rental expense, exclusive of sublease income, for operating leases was $121.5 million in 2015, $135.9 million in 2014, and $146.2 million in 2013.

The following is a summary of the Company's future commitments which span more than one future fiscal year:

(Millions of Dollars)	Total	2016	2017	2018	2019	2020	Thereafter
Operating lease obligations	$ 251.0	$ 73.0	$ 57.0	$ 41.0	$ 29.0	$ 22.0	$ 29.0
Marketing commitments	69.5	26.9	26.5	8.8	4.5	2.8	—
Total	$ 320.5	$ 99.9	$ 83.5	$ 49.8	$ 33.5	$ 24.8	$ 29.0

The Company has numerous assets, predominantly real estate, vehicles and equipment, under various lease arrangements. The Company routinely exercises various lease renewal options and from time to time purchases leased assets for fair value at the end of lease terms.

The Company is a party to synthetic leases for one of its major distribution centers and one of its office buildings. The programs qualify as operating leases for accounting purposes, where only the monthly lease cost is recorded in earnings and the liability and value of the underlying assets are off-balance sheet. As of January 2, 2016, the estimated fair value of assets and remaining obligation for the properties were $39.5 million and $34.4 million, respectively.

GUARANTEES — The Company's financial guarantees at January 2, 2016 are as follows:

(Millions of Dollars)	Term	Maximum Potential Payment	Carrying Amount of Liability
Guarantees on the residual values of leased properties	**One to four years**	$ 34.4	$ —
Standby letters of credit	**Up to three years**	78.7	—
Commercial customer financing arrangements	**Up to six years**	56.9	16.9
Total		$ 170.0	$ 16.9

The Company has guaranteed a portion of the residual value arising from its previously mentioned synthetic leases. The lease guarantees aggregate $34.4 million while the fair value of the underlying assets is estimated at $39.5 million. The related assets would be available to satisfy the guarantee obligations and therefore it is unlikely the Company will incur any future loss associated with these lease guarantees.

The Company has issued $78.7 million in standby letters of credit that guarantee future payments which may be required under certain insurance programs.

The Company provides various limited and full recourse guarantees to financial institutions that provide financing to U.S. and Canadian Mac Tool distributors and franchisees for their initial purchase of the inventory and truck necessary to function as a distributor and franchisee. In addition, the Company provides limited and full recourse guarantees to financial institutions that extend credit to certain end retail customers of its U.S. Mac Tool distributors and franchisees. The gross amount guaranteed in these arrangements is $56.9 million and the $16.9 million carrying value of the guarantees issued is recorded in debt and other liabilities as appropriate in the Consolidated Balance Sheets.

The Company provides product and service warranties which vary across its businesses. The types of warranties offered generally range from one year to limited lifetime, while certain products carry no warranty. Further, the Company sometimes incurs discretionary costs to service its products in connection with product performance issues. Historical warranty and service claim experience forms the basis for warranty obligations recognized. Adjustments are recorded to the warranty liability as new information becomes available.

Following is a summary of the warranty liability activity for the years ended January 2, 2016, January 3, 2015, and December 28, 2013:

(Millions of Dollars)	2015	2014	2013
Balance beginning of period	**$ 109.6**	$ 121.1	$ 123.2
Warranties and guarantees issued	**91.8**	98.0	92.9
Liability assumed from acquisitions	**—**	—	0.1
Warranty payments and currency	**(96.0)**	(109.5)	(95.1)
Balance end of period	**$ 105.4**	$ 109.6	$ 121.1

S. CONTINGENCIES

The Company is involved in various legal proceedings relating to environmental issues, employment, product liability, workers' compensation claims and other matters. The Company periodically reviews the status of these proceedings with both inside and outside counsel, as well as an actuary for risk insurance. Management believes that the ultimate disposition of these matters will not have a material adverse effect on operations or financial condition taken as a whole.

In connection with the 2010 merger with Black & Decker, the Company assumed certain commitments and contingent liabilities. Black & Decker is a party to litigation and administrative proceedings with respect to claims involving the discharge of hazardous substances into the environment. Some of these assert claims for damages and liability for remedial investigations and clean-up costs with respect to sites that have never been owned or operated by Black & Decker but at which Black & Decker has been identified as a potentially responsible party ("PRP"). Other matters involve current and former manufacturing facilities.

The Environmental Protection Agency ("EPA") has asserted claims in federal court in Rhode Island against certain current and former affiliates of Black & Decker related to environmental contamination found at the Centredale Manor Restoration Project Superfund ("Centredale") site, located in North Providence, Rhode Island. The EPA has discovered a variety of contaminants at the site, including but not limited to, dioxins, polychlorinated biphenyls, and pesticides. The EPA alleges that Black & Decker and certain of its current and former affiliates are liable for site clean-up costs under the Comprehensive Environmental Response, Compensation, and Liability Act ("CERCLA") as successors to the liability of Metro-Atlantic, Inc., a former operator at the site, and demanded reimbursement of the EPA's costs related to this site. Black & Decker and certain of its current and former affiliates contest the EPA's allegation that they are responsible for the contamination, and have asserted contribution claims, counterclaims and cross-claims against a number of other PRPs, including the federal government as well as insurance carriers. The EPA released its Record of Decision ("ROD") in September 2012, which identified and described the EPA's selected remedial alternative for the site. Black & Decker and certain of its current and former affiliates are contesting the EPA's selection of the remedial alternative set forth in the ROD, on the grounds that the EPA's actions were arbitrary and capricious and otherwise not in accordance with law, and have proposed other equally-protective, more cost-effective alternatives. On June 10, 2014, the EPA issued an Administrative Order under Sec. 106 of CERCLA, instructing Emhart Industries, Inc. and Black & Decker to perform the remediation of Centredale pursuant to the ROD. Black & Decker and Emhart Industries, Inc. dispute the factual, legal and scientific bases cited by the EPA for such an Order and have provided the EPA with numerous good-faith bases for Black & Decker's and Emhart Industries, Inc.'s declination to comply with the Order at this time. Black & Decker and Emhart Industries, Inc. continue to vigorously litigate the issue of their liability for environmental conditions at the Centredale site, including the completion of the Phase 1 trial in late July, 2015. The Court in this initial phase of trial found that dioxin contamination at the Centredale site was not "divisible", and that Emhart was jointly and severally liable for dioxin contamination at the Site. The next two phases of trial will address whether the EPA's proposed remedy for the Site is "arbitrary and capricious", and if necessary, the allocation of liability to other parties who may have contributed to contamination of the Site with dioxins, PCB's and other contaminants of concern. The Company's estimated remediation costs related to the Centredale site (including the EPA's past costs as well as costs of additional investigation, remediation, and related costs such as EPA's oversight costs, less escrowed funds contributed by primary PRPs who have reached settlement agreements with the EPA), which the Company considers to be probable and reasonably estimable, range from approximately $68.1 million to $139.7 million, with no amount within that range representing a more likely outcome until such time as the litigation is resolved through judgment or compromise. The Company's reserve for this environmental remediation matter of $68.1 million reflects the fact that the EPA considers Metro-Atlantic, Inc. to be a primary source of contamination at the site. As the specific nature of the environmental remediation activities that may be mandated by the EPA at this site have not yet been finally determined through the on-going litigation, the ultimate remedial costs associated with the site may vary from the amount accrued by the Company at January 2, 2016.

In the normal course of business, the Company is involved in various lawsuits and claims. In addition, the Company is a party to a number of proceedings before federal and state regulatory agencies relating to environmental remediation. Also, the Company, along with many other companies, has been named as a PRP in a number of administrative proceedings for the remediation of various waste sites, including 31 active Superfund sites. Current laws potentially impose joint and several liabilities upon each PRP. In assessing its potential liability at these sites, the Company has considered the following: whether responsibility is being disputed, the terms of existing agreements, experience at similar sites, and the Company's volumetric contribution at these sites.

The Company's policy is to accrue environmental investigatory and remediation costs for identified sites when it is probable that a liability has been incurred and the amount of loss can be reasonably estimated. In the event that no amount in the range of probable loss is considered most likely, the minimum loss in the range is accrued. The amount of liability recorded is based on an evaluation of currently available facts with respect to each individual site and includes such factors as existing technology, presently enacted laws and regulations, and prior experience in remediation of contaminated sites. The liabilities recorded do not take into account any claims for recoveries from insurance or third parties. As assessments and remediation progress at individual sites, the amounts recorded are reviewed periodically and adjusted to reflect additional technical and legal information that becomes available. As of January 2, 2016 and January 3, 2015, the Company had reserves of $170.7 million and $177.3 million, respectively, for remediation activities associated with Company-owned properties, as well as for Superfund sites, for losses that are probable and estimable. Of the 2015 amount, $17.1 million is classified as current and $153.6 million as long-term which is expected to be paid over the estimated remediation period. As of January 2, 2016, the Company has recorded $18.7 million in other assets related to funding received by the EPA and placed in a trust in accordance with the final settlement with the EPA, embodied in a Consent Decree approved by the United States District Court for the Central District of California on July 3, 2013. Per the Consent Decree, Emhart Industries, Inc. (a dissolved, former indirectly wholly-owned subsidiary of The Black & Decker Corporation) ("Emhart") has agreed to be responsible for an interim remedy at a site located in Rialto, California and formerly operated by West Coast Loading Corporation ("WCLC"), a defunct company for which Emhart was alleged to be liable as a successor. The remedy will be funded by (i) the amounts received from the EPA as gathered from multiple parties, and, to the extent necessary, (ii) Emhart's affiliate. The interim remedy requires the construction of a water treatment facility and the filtering of ground water at or around the site for a period of approximately 30 years or more. Accordingly, as of January 2, 2016, the Company's cash obligation associated with the aforementioned remediation activities including WCLC is $152.0 million. The range of environmental remediation costs that is reasonably possible is $130.4 million to $260.8 million which is subject to change in the near term. The Company may be liable for environmental remediation of sites it no longer owns. Liabilities have been recorded on those sites in accordance with policy.

The Company and approximately 60 other companies comprise the Lower Passaic Cooperating Parties Group (the "CPG"). The CPG members and other companies are parties to a May 2007 Administrative Settlement Agreement and Order on Consent ("AOC") with the EPA to perform a remedial investigation/feasibility study ("RI/FS") of the lower seventeen miles of the Lower Passaic River in New Jersey (the "River"). The Company's potential liability stems from former operations in Newark, New Jersey. As an interim step related to the 2007 AOC, the CPG members voluntarily entered into an AOC on June 18, 2012 with the EPA for remediation actions focused solely at mile 10.9 of the River. The Company's estimated costs related to the RI/FS and focused remediation action at mile 10.9, based on an interim allocation, are included in environmental reserves as of January 2, 2016 and January 3, 2015. On April 11, 2014, the EPA issued a Focused Feasibility Study ("FFS") and proposed plan which addressed various early action remediation alternatives for the lower 8.3 miles of the River. The proposed plan describes the remedial alternatives considered to address contaminated sediments in the River and identifies the EPA's preferred alternative - the removal of sediments bank to bank in the lower 8.3 miles of the River and constructing an engineered cap over the dredged area. The preferred alternative would include the removal and disposal of 4.3 million cubic yards of sediment, would cost approximately $1.7 billion according to the EPA's estimate, and take 5 years to complete. The EPA has received public comment on the FFS and proposed plan (including comments from the CPG and other entities asserting that the FFS and proposed plan do not comply with CERCLA) which public comment period ended on August 20, 2014. The CPG submitted to the EPA the draft RI report in February 2015 and draft FS report in April 2015 for the entire lower seventeen miles of the River. The EPA's final decision whether to adopt the proposed plan or a different alternative will be made after the EPA has taken into consideration the public comments. According to the EPA, it will issue a Record of Decision regarding the FFS and proposed plan during the first quarter of 2016. At this time, the Company cannot reasonably estimate its liability related to the remediation efforts, excluding the RI/FS and remediation actions at mile 10.9, as the RI/FS is ongoing, the ultimate remedial approach and associated cost has not yet been determined, and the parties that will participate in funding the remediation and their respective allocations are not yet known.

The environmental liability for certain sites that have cash payments beyond the current year that are fixed or reliably determinable have been discounted using a rate of 0.1% to 3.0%, depending on the expected timing of disbursements. The discounted and undiscounted amount of the liability relative to these sites is $27.5 million and $33.6 million, respectively. The payments relative to these sites are expected to be $7.8 million in 2016, $4.7 million in 2017, $2.0 million in 2018, $1.9 million in 2019, $2.0 million in 2020, and $15.2 million thereafter.

The amount recorded for identified contingent liabilities is based on estimates. Amounts recorded are reviewed periodically and adjusted to reflect additional technical and legal information that becomes available. Actual costs to be incurred in future periods may vary from the estimates, given the inherent uncertainties in evaluating certain exposures. Subject to the imprecision in estimating future contingent liability costs, the Company does not expect that any sum it may have to pay in connection with these matters in excess of the amounts recorded will have a materially adverse effect on its financial position, results of operations or liquidity.

T. DISCONTINUED OPERATIONS

In the fourth quarter of 2014, the Company classified the Security segment's Spain and Italy operations ("Security Spain and Italy") as held for sale based on management's intention to sell these businesses. As a result of this decision, the Company recorded a pre-tax impairment loss of $60.7 million in 2014 to remeasure the disposal group at estimated fair value less costs to sell. In July 2015, the Company completed the sale of these businesses resulting in an insignificant incremental loss.

During 2013, the Company classified two small businesses within the Security and Industrial segments as held for sale based on management's intention to sell these businesses. As a result of this decision, the Company recorded pre-tax impairment losses of $22.2 million in 2013 in order to remeasure these businesses at estimated fair value less costs to sell. Both of these businesses were sold in 2014 resulting in an insignificant incremental loss.

In December 2012, the Company sold its HHI business, including the residential portion of Tong Lung, to Spectrum Brands Holdings, Inc. ("Spectrum") for approximately $1.4 billion in cash. The purchase and sale agreement stipulated that the sale occur in a First and Second Closing. The First Closing, which excluded the residential portion of the Tong Lung business, occurred on December 17, 2012 and resulted in an after-tax gain of $358.9 million. The Second Closing, in which the residential portion of the Tong Lung business was sold for $93.5 million in cash, occurred on April 8, 2013 and resulted in an after-tax gain of $4.7 million.

As a result of these actions, the above businesses have been reported as discontinued operations in the Company's Consolidated Financial Statements. The consolidated balance sheet as of January 3, 2015 aggregates amounts associated with discontinued operations as described above. Summarized results of discontinued operations are presented in the following table:

(Millions of Dollars)	**2015**	2014	2013
Net Sales	**$ 39.4**	$ 118.4	$ 150.1
Loss from discontinued operations before income taxes	**$ (19.3)**	$ (104.0)	$ (43.0)
Income tax expense (benefit) on discontinued operations	**0.8**	(7.7)	(13.3)
Net loss from discontinued operations	**$ (20.1)**	$ (96.3)	$ (29.7)

During 2013, the Company completed the 2012 income tax return filings which included the final calculations of the tax gain on the HHI sale which took place in 2012. As a result of these tax return filings, the Company recorded an income tax benefit of approximately $19.1 million within discontinued operations related to finalization of the taxable gain on the HHI sale. Changes to the original tax gain were driven primarily by the determination of the final purchase price allocation and the finalization of the U.S. tax basis calculation, both of which were finalized during the year.

As of January 3, 2015, assets and liabilities held for sale relating to Security Spain and Italy totaled $29.5 million and $23.4 million, respectively. There were no assets or liabilities held for sale as of January 2, 2016.

SELECTED QUARTERLY FINANCIAL DATA (unaudited)

(Millions of Dollars, except per share amounts)	Quarter First	Quarter Second	Quarter Third	Quarter Fourth	Year
2015					
Net sales	**$ 2,630.0**	**$ 2,866.9**	**$ 2,829.5**	**$ 2,845.4**	**$ 11,171.8**
Gross profit	**973.6**	**1,057.2**	**1,027.0**	**1,014.2**	**4,072.0**
Selling, general and administrative expenses	**623.0**	**644.5**	**608.3**	**610.6**	**2,486.4**
Net earnings from continuing operations	**166.0**	**235.5**	**233.4**	**267.3**	**902.2**
Less: Net (loss) earnings attributable to non-controlling interest	**(0.8)**	**(0.2)**	**(0.7)**	**0.1**	**(1.6)**
Net earnings from continuing operations attributable to Stanley Black & Decker, Inc.	**166.8**	**235.7**	**234.1**	**267.2**	**903.8**
Net loss from discontinued operations	**(4.5)**	**(8.5)**	**(5.4)**	**(1.7)**	**(20.1)**
Net earnings attributable to Stanley Black & Decker, Inc.	**$ 162.3**	**$ 227.2**	**$ 228.7**	**$ 265.5**	**$ 883.7**
Basic earnings (loss) per common share:					
Continuing operations	**$ 1.10**	**$ 1.59**	**$ 1.60**	**$ 1.83**	**$ 6.10**
Discontinued operations	**(0.03)**	**(0.06)**	**(0.04)**	**(0.01)**	**(0.14)**
Total basic earnings per common share	**$ 1.07**	**$ 1.53**	**$ 1.57**	**$ 1.82**	**$ 5.96**
Diluted earnings (loss) per common share:					
Continuing operations	**$ 1.07**	**$ 1.54**	**$ 1.55**	**$ 1.78**	**$ 5.92**
Discontinued operations	**(0.03)**	**(0.06)**	**(0.04)**	**(0.01)**	**(0.13)**
Total diluted earnings per common share	**$ 1.04**	**$ 1.49**	**$ 1.52**	**$ 1.77**	**$ 5.79**
2014					
Net sales	$ 2,617.1	$ 2,860.1	$ 2,878.9	$ 2,982.5	$ 11,338.6
Gross profit	956.4	1,048.6	1,046.6	1,051.1	4,102.7
Selling, general and administrative expenses	640.6	655.9	641.1	658.3	2,595.9
Net earnings from continuing operations	169.9	222.7	246.1	219.0	857.7
Less: Net earnings (loss) attributable to non-controlling interest	0.2	0.9	(0.3)	(0.3)	0.5
Net earnings from continuing operations attributable to Stanley Black & Decker, Inc.	169.7	221.8	246.4	219.3	857.2
Net loss from discontinued operations	(7.8)	(5.3)	(9.7)	(73.5)	(96.3)
Net earnings attributable to Stanley Black & Decker, Inc.	$ 161.9	$ 216.5	$ 236.7	$ 145.8	$ 760.9
Basic earnings (loss) per common share:					
Continuing operations	$ 1.09	$ 1.42	$ 1.57	$ 1.41	$ 5.49
Discontinued operations	(0.05)	(0.03)	(0.06)	(0.47)	(0.62)
Total basic earnings per common share	$ 1.04	$ 1.38	$ 1.51	$ 0.94	$ 4.87
Diluted earnings (loss) per common share:					
Continuing operations	$ 1.07	$ 1.39	$ 1.53	$ 1.37	$ 5.37
Discontinued operations	(0.05)	(0.03)	(0.06)	(0.46)	(0.60)
Total diluted earnings per common share	$ 1.02	$ 1.36	$ 1.47	$ 0.91	$ 4.76

EXHIBIT INDEX
STANLEY BLACK & DECKER, INC.
EXHIBIT LIST

Some of the agreements included as exhibits to this Annual Report on Form 10-K (whether incorporated by reference to earlier filings or otherwise) may contain representations and warranties, recitals or other statements that appear to be statements of fact. These agreements are included solely to provide investors with information regarding their terms and are not intended to provide any other factual or disclosure information about the Company or the other parties to the agreements. Representations and warranties, recitals, and other common disclosure provisions have been included in the agreements solely for the benefit of the other parties to the applicable agreements and often are used as a means of allocating risk among the parties. Accordingly, such statements (i) should not be treated as categorical statements of fact; (ii) may be qualified by disclosures that were made to the other parties in connection with the negotiation of the applicable agreements, which disclosures are not necessarily reflected in the agreement or included as exhibits hereto; (iii) may apply standards of materiality in a way that is different from what may be viewed as material by or to investors in or lenders to the Company; and (iv) were made only as of the date of the applicable agreement or such other date or dates as may be specified in the agreement and are subject to more recent developments.

Accordingly, representations and warranties, recitals or other disclosures contained in agreements may not describe the actual state of affairs as of the date they were made or at any other time and should not be relied on by any person other than the parties thereto in accordance with their terms. Additional information about the Company may be found in this Annual Report on Form 10-K and the Company's other public filings, which are available without charge through the SEC's website at http://www.sec.gov.

3.1	(a)	Restated Certificate of Incorporation dated September 15, 1998 (incorporated by reference to Exhibit 3(i) to the Company's Quarterly Report on Form 10-Q filed on May 13, 2010).
	(b)	Certificate of Amendment to the Restated Certificate of Incorporation dated December 21, 2009 (incorporated by reference to Exhibit 3(ii) to the Company's Quarterly Report on Form 10-Q filed on May 13, 2010).
	(c)	Certificate of Amendment to the Restated Certificate of Incorporation dated March 12, 2010 (incorporated by reference to Exhibit 3(iii) to the Company's Quarterly Report on Form 10-Q filed on May 13, 2010).
	(d)	Certificate of Amendment to the Restated Certificate of Incorporation dated November 5, 2010 (incorporated by reference to Exhibit 3.1 to the Company's Current Report on Form 8-K filed on November 9, 2010).
	(e)	Certificate of Amendment to the Restated Certificate of Incorporation dated April 17, 2012 (incorporated by reference to Exhibit 3(i) to the Company's Quarterly Report on Form 10-Q filed on May 2, 2012).
3.2	(a)	Amended and Restated ByLaws (incorporated by reference to Exhibit 3.1 to the Company's Current Report on Form 8-K filed on April 19, 2013).
4.1	(a)	Indenture, dated as of June 26, 1998, by and among Black & Decker Holdings Inc., as Issuer, The Black & Decker Corporation, as Guarantor, and The First National Bank of Chicago, as Trustee (incorporated by reference to Exhibit 4.9 to the Company's Current Report on Form 8-K filed on March 12, 2010).
	(b)	First Supplemental Indenture dated as of March 12, 2010, to the Indenture dated as of June 26, 1998, by and among Black & Decker Holdings, Inc., as issuer, The Black & Decker Corporation, as guarantor and The First National Bank of Chicago, as trustee (incorporated by reference to Exhibit 4.5 to the Company's Current Report on Form 8-K filed on March 12, 2010).
4.2	(a)	Senior Indenture, dated as of November 1, 2002 between the Company and The Bank of New York Mellon Trust Company, N.A., as successor trustee to JPMorgan Chase Bank, defining the rights of holders of 3 1/2% Notes Due November 1, 2007, 4 9/10% Notes due November 1, 2012 and 6.15% Notes due 2013 (incorporated by reference to Exhibit 4(vi) to the Company's Annual Report on Form 10-K for the year ended December 28, 2002).
	(b)	Second Supplemental Indenture dated as of March 12, 2010 to the Indenture dated as of November 1, 2002 between The Stanley Works and The Bank of New York Mellon Trust Company, as successor trustee to JPMorgan Chase Bank, N.A. (incorporated by reference to Exhibit 4.1 to the Company's Current Report on Form 8-K filed on March 12, 2010).

(c) Third Supplemental Indenture dated as of September 3, 2010, to the Indenture dated as of November 1, 2002, among Stanley Black & Decker, Inc., The Black & Decker Corporation and The Bank of New York Mellon Trust Company, N.A., as successor trustee to JPMorgan Chase Bank, N.A. (formerly known as JPMorgan Chase Bank), as trustee (incorporated by reference to the Company's Current Report on Form 8-K filed on September 7, 2010).

(d) Fourth Supplemental Indenture, dated as of November 22, 2011, among Stanley Black & Decker, Inc., The Black & Decker Corporation, as Guarantor, and the Bank of New York Mellon Trust Company, N.A., as Trustee, relating to the 3.40% Notes due 2021 (incorporated by reference to Exhibit 4.1 to the Company's Current Report on Form 8-K filed on November 22, 2011).

(e) Fifth Supplemental Indenture, dated as of November 6, 2012, among Stanley Black & Decker, Inc., The Black & Decker Corporation, as Guarantor, and the Bank of New York Mellon Trust Company, N.A., as Trustee, relating to the 2.90% Notes due 2022 (incorporated by reference to Exhibit 4.3 to the Company's Current Report on Form 8-K filed on November 6, 2012).

4.3 (a) Indenture, dated November 22, 2005, between The Stanley Works and HSBC Bank USA, National Association, as indenture trustee (incorporated by reference to Exhibit 4.5 to the Company's Current Report on Form 8-K dated November 29, 2005).

(b) First Supplemental Indenture, dated November 22, 2005, between The Stanley Works and HSBC Bank USA, National Association, as indenture trustee (incorporated by reference to Exhibit 4.6 to the Company's Current Report on Form 8-K dated November 29, 2005).

(c) Second Supplemental Indenture dated as of November 5, 2010, to the Indenture dated as of November 22, 2005, between Stanley Black & Decker, Inc. and HSBC Bank USA, National Association, as trustee (incorporated by reference to Exhibit 4.4 of the Company's Current Report on Form 8-K filed on November 9, 2010).

(d) Third Supplemental Indenture dated July 25, 2012, between the Company and HSBC Bank USA, National Association, as trustee, related to the 5.75% Junior Subordinated Debentures due 2052 (incorporated by reference to Exhibit 4.1 of the Company's Current Report on Form 8-K filed on July 25, 2012).

(e) Fourth Supplemental Indenture, dated as of December 3, 2013, between the Company and the Trustee, relating to the Notes (incorporated by reference to Exhibit 4.3 to the Company's Form 8-K dated December 3, 2013).

(f) Fifth Supplemental Indenture, dated December 3, 2013, between the Company and the Trustee, related to the Debentures (incorporated by reference to Exhibit 4.9 to the Company's Form 8-K dated December 3, 2013).

(g) Form of 5.75% Junior Subordinated Debentures due 2052 (incorporated by reference to Exhibit 4.2 to the Company's Current Report on Form 8-K dated July 25, 2012).

(h) Form of Debenture (incorporated by reference to Exhibit 4.9 to the Company's Form 8-K dated December 3, 2013).

4.4 (a) Rights Agreement dated as of January 19, 2006, by and between The Stanley Works and Computershare Investor Services L.L.C. (incorporated by reference to Exhibit 4.1 to the Company's Current Report on Form 8-K/A dated February 22, 2006).

(b) Amendment No. 1 dated as of December 21, 2009 to the Rights Agreement, dated as of January 19, 2006, between The Stanley Works and the Computershare Investor Services L.L.C. (incorporated by reference to Exhibit 4.2 to the Company's Current Report on Form 8-K dated December 21, 2009).

4.5 (a) Purchase Contract and Pledge Agreement dated as of November 5, 2010 among Stanley Black & Decker, Inc., The Bank of New York Mellon Trust Company, National Association, as purchase contract agent, and HSBC Bank USA, National Association, as collateral agent, as custodial agent, and as securities intermediary (incorporated by reference to Exhibit 4.2 to the Company's Current Report on Form 8-K filed on November 9, 2010).

(b) Form of 4.75% Series B Perpetual Cumulative Convertible Preferred Stock (incorporated by reference to Exhibit 4.1 to the Company's Current Report on Form 8-K filed on November 9, 2010).

(c) Form of Corporate Unit (incorporated by reference to Exhibit 4.5 to the Company's Current Report on Form 8-K filed on November 9, 2010).

(d) Form of Treasury Unit (incorporated by reference to Exhibit 4.6 to the Company's Current Report on Form 8-K filed on November 9, 2010).

(e) Form of Cash-Settled Unit (incorporated by reference to Exhibit 4.7 to the Company's Current Report on Form 8-K filed on November 9, 2010).

(f) Form of Unpledged Note (incorporated by reference to Exhibit 4.8 to the Company's Current Report on Form 8-K filed on November 9, 2010).

(g) Form of Pledged Note (incorporated by reference to Exhibit 4.9 to the Company's Current Report on Form 8-K filed on November 9, 2010).

4.6 (a) Purchase Contract and Pledge Agreement, dated December 3, 2013, among the Company, The Bank of New York Mellon Trust Company, National Association, as Purchase Contract Agent, and HSBC Bank USA, National Association, as Collateral Agent, Custodial Agent and Securities Intermediary (incorporated by reference to Exhibit 4.1 to the Company's Form 8-K dated December 3, 2013).

(b) Form of Corporate Unit (incorporated by reference to Exhibit 4.1 to the Company's Form 8-K dated December 3, 2013).

(c) Form of Treasury Unit (incorporated by reference to Exhibit 4.1 to the Company's Form 8-K dated December 3, 2013).

(d) Form of Cash Settled Unit (incorporated by reference to Exhibit 4.1 to the Company's Form 8-K dated December 3, 2013).

(e) Form of Unpledged Note (incorporated by reference to Exhibit 4.3 to the Company's Form 8-K dated December 3, 2013).

(f) Form of Pledged Note (incorporated by reference to Exhibit 4.8 to the Company's Form 8-K dated December 3, 2013).

10.1 Amended and Restated Five-Year Credit Agreement, made as of December 18, 2015 among Stanley Black & Decker, Inc., the initial lenders named therein and Citibank, N.A. as administrative agent for the lenders. (incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed on December 22, 2015).

10.2 (a) Second Amended and Restated Employment Agreement, dated as of November 2, 2009, among The Stanley Works and John F. Lundgren (incorporated by reference to Exhibit 10.1 of the Company's Current Report on Form 8-K filed on November 3, 2009).*

(b) Amended and Restated Change in Control Severance Agreement dated December 10, 2008 between The Stanley Works and John F. Lundgren. (incorporated by reference to Exhibit (xviii) to the Annual Report on Form 10-K for the period ended January 3, 2009).*

(c) Letter Agreement between Stanley Black & Decker, Inc. and John F. Lundgren effective January 13, 2013 (incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed on January 14, 2013).*

10.3 (a) Employment Agreement, dated as of November 2, 2009, among The Stanley Works and James M. Loree (incorporated by reference to Exhibit 10.2 of the Company's Current Report on Form 8-K filed on November 3, 2009).*

(b) Letter Agreement between Stanley Black & Decker, Inc. and James M. Loree effective January 13, 2013 (incorporated by reference to Exhibit 10.2 to the Company's Current Report on Form 8-K filed on January 14, 2013).*

10.4 Letter Agreement between Stanley Black & Decker, Inc. and John H. Wyatt effective December 22, 2014, as amended February 17, 2016.*

10.5 Form A of Amended and Restated Change in Control Severance Agreement. James M. Loree is a party to a Restated and Amended Change in Control Severance Agreement in this Form. (incorporated by reference to Exhibit (xiv) to the Company's Annual Report on Form 10-K for the period ended January 3, 2009).*

10.7 Form B of Amended and Restated Change in Control Severance Agreement. Jeffery D. Ansell is a party to an Amended and Restated Change in Control Severance Agreements in this Form (incorporated by reference to Exhibit (xv) to the Company's Annual Report on Form 10-K for the period ended January 3, 2009).*

10.8		Form B of Change in Control Severance Agreement. Donald Allan, Jr., is a party to a Change in Control Severance Agreement in this Form (incorporated by reference to Exhibit (xvi) to the Company's Annual Report on Form 10-K for the period ended January 3, 2009).*
10.9		Revised Form B of Change in Control Severance Agreement. John H. Wyatt is a Party to a Change In Control Severance Agreement in this Form and Three of the Company's other Executive Officers are parties to a Change in Control Severance Agreement in this Form (incorporated by reference to Exhibit 10.9 to the Company's Annual Report on Form 10-K for the period ended December 29, 2012).*
10.10		Form C of Change in Control Severance Agreement. Ten Executive Officers of the Company are parties to Change in Control Severance Agreements in this Form (incorporated by reference to Exhibit 10.1 to the Company's Quarterly Report on Form 10-Q for the period ended September 28, 2013).*
10.11		Deferred Compensation Plan for Non-Employee Directors amended and restated as of December 11, 2007 (incorporated by reference to Exhibit 10(vii) to the Company's Annual Report on Form 10-K for the year ended December 29, 2007).*
10.12		Deferred Compensation Plan for Participants in Stanley's Management Incentive Plan amended and restated as of December 11, 2007 (incorporated by reference to Exhibit 10(ix) to the Company's Annual Report on Form 10-K for the year ended December 29, 2007).*
10.13	(a)	Stanley Black & Decker Supplemental Retirement Account Plan (as in effect, January 1, 2011, except as otherwise provided therein) (incorporated by reference to the Company's Annual Report on Form 10-K for the period ended January 1, 2011).*
	(b)	Stanley Black & Decker Supplemental Retirement Plan (effective, January 1, 2011, except as otherwise provided therein) (incorporated by reference to the Company's Annual Report on Form 10-K for the period ended January 1, 2011).*
10.14		Stanley Black & Decker, Inc. Supplemental Executive Retirement Program as amended and restated effective October 15, 2015, (incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed on October 16, 2015).*
10.15		New 1991 Loan Agreement, dated June 30, 1998, between The Stanley Works, as lender, and Citibank, N.A. as trustee under the trust agreement for the Stanley Account Value Plan, to refinance the 1991 Salaried Employee ESOP Loan and the 1991 Hourly ESOP Loan and their related promissory notes (incorporated by reference to Exhibit 10(ii) to the Company's Quarterly Report on Form 10-Q for the quarter ended July 4, 1998).
10.16		The Stanley Works Non-Employee Directors' Benefit Trust Agreement dated December 27, 1989 and amended as of January 1, 1991 by and between The Stanley Works and Fleet National Bank, as successor trustee (incorporated by reference to Exhibit (10)(xvii)(a) to the Company's Annual Report on Form 10-K for year ended December 29, 1990).
10.17	(a)	2001 Long-Term Incentive Plan as amended effective October 17, 2008 (incorporated by reference to Exhibit (xi) to the Company's Annual Report on Form 10-K for the period ended January 3, 2009).*
	(b)	Form of Stock Option Certificate for stock options granted pursuant to 2001 Long-Term Incentive Plan (incorporated by reference to Exhibit 10(xiv)(a) to the Company's Annual Report on Form 10-K for the year ended December 29, 2007).*
10.18	(a)	The Stanley Works 2009 Long-Term Incentive Plan (as amended March 12, 2010) (incorporated by reference Exhibit 4.7 to the Company's Registration Statement on Form S-8 Reg. No. 333-165454 filed on March 12, 2010).*
	(b)	Form of award letter for restricted stock unit grants to executive officers pursuant to the Company's 2009 Long Term Incentive Plan (as amended March 12, 2010)(incorporated by reference to Exhibit 10(vi)(b) to the Company's Quarterly Report on Form 10-Q filed on May 13, 2010)*.
	(c)	Form of stock option certificate for executive officers pursuant to the Company's 2009 Long Term Incentive Plan (as amended March 12, 2010) (incorporated by reference to Exhibit 10(vi)(c) to the Company's Quarterly Report on Form 10-Q filed on May 13, 2010)*.
	(d)	Terms of special one-time award of restricted stock units to John F. Lundgren under his employment agreement and The Stanley Works 2009 Long-Term Incentive Plan (as amended March 12, 2010) (incorporated by reference to Exhibit 10(vi)(d) to the Company's Quarterly Report on Form 10-Q filed on May 13, 2010).*
10.19	(a)	The Stanley Black & Decker 2013 Long Term Incentive Plan (incorporated by reference to Exhibit 10.1 to the Company's Quarterly Report on Form 10-Q for the period ended March 20, 2013).*

	(b)	Form of Award Document for Performance Awards granted to Executive Officers under 2013 Long Term Incentive Plan, updated 2016.*
	(c)	Form of stock option certificate for grants to executive officers pursuant to the Company's 2013 Long Term Incentive Plan (incorporated by reference to Exhibit 10.18(c) to the Company's Annual Report on Form 10-K for the period ended December 28, 2013).*
	(d)	Form of restricted stock unit award certificate for grants of restricted stock units to executive officers pursuant to the Company's 2013 Long Term Incentive Plan (incorporated by reference to Exhibit 10.18(d) to the Company's Annual Report on Form 10-K for the period ended December 28, 2013).*
10.20	(a)	The Stanley Works Restricted Stock Unit Plan for Non-Employee Directors amended and restated as of December 11, 2007 (incorporated by reference to Exhibit 10(xx) to the Company's Annual Report on Form 10-K for the year ended December 29, 2007).*
	(b)	Form of Certificate for RSUs issued pursuant to The Stanley Works Restricted Stock Unit Plan for Non-Employee Directors (incorporated by reference to Exhibit 10(xxv) to the Company's Annual Report on Form 10-K for the year ended January 1, 2005).*
10.21		The Stanley Black & Decker, Inc. 2012 Management Incentive Compensation Plan (incorporated by reference to Exhibit 10.19 to the Company's Annual Report on Form 10-K for the year ended December 29, 2012).*
10.22		Special Severance Policy for Management Incentive Compensation Plan Participants Levels 1-5 as amended effective October 17, 2008 (incorporated by reference to Exhibit (xxi) to the Company's Annual Report on Form 10-K for the period ended January 3, 2009).*
10.23		Employee Stock Purchase Plan as amended April 23, 2009 (incorporated by reference to Exhibit 10(iii)(d) to the Company's Quarterly Report on Form 10-Q for the quarterly period ended April 4, 2009).*
10.24		The Black & Decker 2003 Stock Option Plan, as amended (incorporated by reference to Exhibit 10.7 to the Company's Current Report on Form 8-K filed on March 12, 2010).*
10.25		Form of Nonqualified Stock Option Agreement relating to The Black & Decker Corporation's stock option plans (incorporated by reference to Exhibit 10(xix) to the Company's Quarterly Report on Form 10-Q filed on May 13, 2010).*
10.26	(a)	The Black & Decker Supplemental Pension Plan, as amended and restated (incorporated by reference to Exhibit 10(xx) to the Company's Quarterly Report on Form 10-Q filed on May 13, 2010).*
	(b)	First Amendment to The Black & Decker Supplemental Pension Plan (incorporated by reference to Exhibit 10 (xxi) to the Company's Quarterly Report on Form 10-Q filed on May 13, 2010).*
10.27		The Black & Decker Supplemental Executive Retirement Plan, as amended and restated (incorporated by reference to Exhibit 10(xxii) to the Company's Quarterly Report on Form 10-Q filed on May 13, 2010).*
11		Statement re computation of per share earnings (the information required to be presented in this exhibit appears in *Note J* to the Company's *Consolidated Financial Statements* set forth in this Annual Report on Form 10-K).
12		Statement re computation of ratio of earnings to fixed charges.
14		Code of Ethics for CEO and Senior Financial Officers (incorporated by reference to the Company's website, www.stanleyblackanddecker.com).
21		Subsidiaries of Registrant.
23		Consent of Independent Registered Public Accounting Firm.
24		Power of Attorney.
31.1	(a)	Certification by Chief Executive Officer pursuant to Rule 13a-14(a).
31.1	(b)	Certification by Chief Financial Officer pursuant to Rule 13a-14(a).

32.1	Certification by Chief Executive Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
32.2	Certification by Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
99.1	Policy on Confidential Proxy Voting and Independent Tabulation and Inspection of Elections as adopted by The Board of Directors October 23, 1991 (incorporated by reference to Exhibit (28)(i) to the Quarterly Report on Form 10-Q for the quarter ended September 28, 1991).

* Management contract or compensation plan or arrangement.

StanleyBlack&Decker

Joseph Voelker
Senior V.P., Human Resources
Stanley Black & Decker, Inc.
1000 Stanley Drive
New Britain, CT 06053

December 22, 2014

John Wyatt
[redacted]

Dear John,

I am pleased to confirm our offer to you for the position of President CDIY Global Sales & Marketing for Stanley Black & Decker effective December 30, 2014. This position is based in Towson, MD and reports directly to the Sr. Vice President and Group Executive CDIY.

This letter generally outlines our various benefits, practices and programs. The Company reserves the right to modify these benefits, practices and programs from time to time, and where more specific documents exist, such as insurance plan documents, the terms of the more specific document will be followed.

Base Salary and Executive Incentive & Stock-Based Compensation Plans
Your gross base salary will be USD $540,000 per year, paid monthly in 12 equal parts, representing an approximately $40,000 increase over your current salary.

You will also participate in the CDIY Management Incentive Compensation Program (MICP) Level 2 per the terms and conditions of the plan. While this plan is subject to change at any time, your target bonus is 50% of your base salary with a 100% maximum of your base salary, payable in the spring following each MICP plan year.

As a Level 2 employee, you will continue to participate in the Long-Term Performance Award Program (LTPAP) under The Stanley Black & Decker 2013 Long-Term Incentive Plan for the performance period with a target opportunity of 50% of your base, and a 100% of base maximum payout. This Program is intended to provide financial rewards for specified full-time members of the Stanley Black & Decker executive team, provided specific corporate goals are achieved during the Program's three year measurement period. The goals will be communicated to you in an individual letter.

As part of your annual compensation package, you will continue to be eligible to participate in the Annual Equity Award Program. The grants are typically made in December of each year. Specific grant levels are subject to annual review by the Compensation & Organization Committee of the Board of Directors. For the December 2014 grant, your awards are expected to be comprised of approximately 10,000 Stock Options and 2,857 Restricted Stock Units (RSUs), which are estimated to have a fair value over $400,000.

In further recognition of your new position, you will also receive two special grants totaling 20,000 RSUs. The grant date for the first 10,000 RSUs will be in February 2015 and these are scheduled to vest on November 1, 2016. The second grant of 10,000 RSUs will occur in October 2016 and these are scheduled to vest on November 1, 2018. These special grants have been approved by the Compensation & Organization Committee of the Board of Directors, but are contingent on you being actively employed on the date of grant.

These grants will be granted under, and subject to the terms and conditions of, the Company's 2013 Long Term Incentive Plan or a successor thereto.

Through the Company's Employee Stock Purchase Program (ESPP), you will be eligible to purchase company stock up to 15% of your base pay annually (capped at $25,000 fair market value on the date of grant), at a minimum of 15% below the market price.

Insurance-Related Benefits, Vacation / Holidays, and Executive Car Benefit
You will be eligible to enroll for insured benefits available for our US employees including medical, dental, vision, flexible spending accounts, group legal, disability, and life insurance coverage. Generally you must have a US social security number to enroll in these benefits, though we can temporarily enroll you without one for the medical and dental coverage. The employee's portion of the cost for these insured programs for the 2015 calendar year is approximately $5,500, or less depending upon coverage elections, which is payable through pre-tax monthly payroll deductions. We will coordinate with you and the European human resources team to ensure no lapse in coverage.

Your vacation entitlement will be 4 weeks. The public/statutory holidays and national holiday practice of the US will be applied.

You will also participate in our Executive Car Program with an automobile fair market value up to $90,000.

Retirement Benefits
The Stanley Black & Decker Retirement Account Plan will become effective on the first of the month following your employment with Black & Decker (US), Inc. The plan provides a competitive retirement benefit and has two components.

- The Retirement Account Plan offers a 401(k) savings vehicle for you to save on a pre-tax basis with a company match of 50% on employee pre-tax contributions up to 7% of your pay and a diversified investment fund line-up.

- In addition, the Retirement Account Plan provides a Core allocation to an account for you regardless of your own contributions. Stanley Black & Decker will make a Core allocation to your account of 6% of your pay based on your age.

In addition, there will be a retirement-related transition benefit as described below.

Transition Benefits
We do not envision this as a temporary assignment and it is anticipated you will continue to work in the US during your remaining tenure with the Company. We will provide certain benefits to aid your transition to the US. These transition benefits will cease at the earlier of the date upon which you may assume a different role within the Company, or December 31, 2017.

- The Company will pay you an annual housing-related stipend of $120,000, which is intended to partially defray your US housing costs and the incremental costs associated with maintaining your UK home in your absence. This housing stipend will be paid ratably to you, i.e. $10,000 per month.

- You and your family will be entitled to a travel benefit to help defray your costs for trips between the US and the UK. The Company will reimburse these costs, for airfare and one car rental per trip, based on invoices. These trips should be booked at a reasonable cost and aligned with the SBD Travel Policy requirements. The maximum annual travel costs for reimbursement are not to exceed $18,000.

- The Company will reimburse you based upon receipt of invoices for the incrementally higher tuition and boarding costs you incur for your minor daughter's education until her graduation from high school. This allowance will cover the incremental cost of school tuition and board fees versus that which would have occurred if your family remained in the UK.

- In recognition of the fact that the retirement benefits you will receive in the US are lower than your previous European benefit, the Company will pay you additional "non-pensionable" compensation of $3,713 per month.

These transition benefits are perquisites and not part of your base salary. As a result they will not be included in the computation of the MICP and LTPAP programs. Similarly, the transition benefit payments will not be eligible for the 401(k) match and Core US retirement benefits described above.

Relocation

The Company will reimburse reasonable travel and relocation expenses to include the cost of packing, unpacking, insuring, and shipping household goods in moving you and your family from Belgium to the UK and then to the US. The Company will also reimburse reasonable expenses to cover the cost of packing and subsequent unpacking and storage of household goods not required in the US accommodation. Please refer to the SBD European International Mobility Policy for details with respect to the move from Belgium to the U.K. With respect to the European relocation (i.e., Belgium to U.K.), the Nova Relocation Group will manage under the direction of Karl Van Bladel. Weichert Mobility will manage the relocation from the U.K. to the U.S., under the direction of the Corporate mobility team. To the extent it is efficient to ship items directly from Belgium to the U.S., that shipment would be managed by the Nova Relocation Group. The Corporate mobility team will monitor that the expenses and applicable reimbursements are reasonable and customary within existing guidelines.

The Company will pay you a Miscellaneous Allowance of $10,000 USD for your move from Europe to the US, intended to defray incidental expenses related to the move, which are not otherwise reimbursable under provisions of the relocation policy. Such items include, but are not limited to: personal insurance, vehicle registrations, home modifications and cleaning, loss of memberships, etc. The Miscellaneous Allowance will be paid through the US payroll at the time of relocation, and no receipt submissions are required.

The Company will reimburse reasonable travel and relocation expenses for your return to the UK upon your retirement, the mutually agreed acceptance of a different role, or in the event of death or disability or involuntary termination, except for Just Cause (refer to Exhibit 1). Please refer to the SBD U.S. International Long-Term Relocation Policy. The Company will not reimburse your relocation expenses in the event you voluntarily resign or are involuntarily terminated for Just Cause.

Other Matters

We recognize your personal income taxes are complicated by previous assignments with Stanley Black & Decker in Europe, related to stock-based compensation. As a result we will pay for the preparation of your personal income tax filings in the U.S. and other jurisdictions for the shorter of the lapse of equity instruments granted while in Europe (i.e. exercise of stock options and vesting of RSU's) or the duration of your employment. In the event that the cost for your income tax filings exceeds $5,000 per year, this will fully utilize the $5,000 financial and estate planning benefit that would otherwise apply for an officer at your level. For the avoidance of doubt, the total benefit payable in relation to the financial and estate planning program annually will be the greater of the cost for income tax filings, or $5,000.

Please be aware that your employment at Stanley Black & Decker will be strictly on an "at-will" basis and as such is terminable by either the Company or you at any time and for any reason. The Company confirms that your seniority since you joined in 2006 will be guaranteed. Stanley Black & Decker does not recognize any contract of employment unless it is reduced to writing and signed by an authorized Stanley Black & Decker executive (an officer and member of the Corporate Policy Committee). Upon your acceptance, you will cease to be eligible for compensation or other benefits from any other Stanley Black & Decker company effective on the date your employment with the US entity (Black and Decker (U.S.), Inc.) commences. Until then, you will continue to be compensated in accordance with your existing arrangements. Accordingly, this letter supersedes all previous agreements that existed between you and the Company.

Our immigration attorney will continue to work with you to obtain your visa, and we expect you will promptly take the steps necessary to obtain the visa and your US social security number.

In the event of involuntary termination (except for Just Cause), you will receive a twelve month severance package. Refer to Exhibits 1 and 2 for details.

Commencing employment is contingent upon successful submission of the:

- *Invention and Confidentiality Agreement;*
- *MICP Restrictive Covenant Agreement; and*

We are delighted that you will be relocating to Towson in this new role! There's a lot of exciting work to be done and we know that you'll continue to make a great contribution to our success. If you have any questions, please do not hesitate call me at 410-716-7506. Also, please fax, or scan and email, the following documents along with the immediately above mentioned signed agreements to Nicole Fulton at 410-716-7632.

- *Signed Offer Letter*
- *Completed New Hire Information Sheet*

Sincerely,

Joseph Voelker

I, ____ hereby accept the offer of employment as presented above

on this ____________ day of ___________ 2014.

Signature: ____

Exhibit 1: Involuntary Termination
Exhibit2: SBD HR Guideline 3001a Executive Separation Policy 1-1-2014

Enclosures: New Hire Information Sheet
Invention and Confidentiality Agreement
MICP Restrictive Covenant Agreement
2015 Benefits Guide
Cigna Global Overview
Cigna Global Welcome Kit
2015 Benefits at a Glance
Executive Compensation Program - Level 2
SBD U.S. International Long-Term Relocation Policy
European International Mobility Policy

Exhibit 1: Involuntary Termination

The Company may immediately terminate your employment at any time for "Just Cause." If your employment is terminated for Just Cause, as defined below, you shall have no right to receive any compensation or benefits, including those described in this Agreement, and any separation payor benefits, except as provided by law, for any period after said termination of employment. Any benefits payable under insurance, health, retirement, or other plans as a result of your participation in such plans through such date of termination shall be paid when and as due under those plans and in accordance with Company policy. Termination for "Just Cause" shall mean termination of your employment due to the fact that:

(1) you committed a material breach of this Agreement which you were unable or unwilling to cure within thirty (30) days of being notified in writing of such breach; that you engaged in an act of fraud, embezzlement or theft; that you were convicted or pled *nolo contendere to* a felony; or that you engaged in intentional or willful misconduct (which, for purposes of this Agreement, shall consist of behavior which causes material harm to the interests of one or more employees of the Company and which is in violation of federal or state law or Company policy) or committed a breach of fiduciary duty or a material breach of the Company's Business Conduct Guidelines that you were unable or unwilling to cure within thirty (30) days of being notified in writing of such breach.; or

(2) that you intentionally or willfully damaged or threatened to damage the reputation, business, or property of the Company or that you intentionally or willfully committed any other act causing or threatening to cause material harm to the Company.

The Company may immediately terminate your employment for a reason other than Just Cause. In such a case, your separation pay and benefits shall be determined by the Company policy addressing executive termination then in effect for employees based in the United States. A copy of the current policy is attached hereto, and incorporated into this Agreement by reference. The Company guarantees you that, regardless of any changes that may occur with such policy, it shall pay you as separation pay the current standard of fifty-two weeks' of separation pay if the Company terminates your employment without Just Cause. With this one exception, all other separation pay and benefits shall be determined in accordance with the terms then in force under the relevant Company policy(ies). Any benefits payable under insurance, health, retirement, or other plans as a result of your participation in such plans through such date of termination shall be paid when and as due under those plans and in accordance with Company policy.

StanleyBlack&Decker

HUMAN RESOURCE GUIDELINES

SUBJECT: **EXECUTIVE SEPARATION PAY POLICY (LEVELS 1-5)**
POLICY NO.: **3001a**
DATE OF ISSUE: **1/1/2014**

PURPOSE

The purpose of the Executive Separation Pay Policy ("Plan") of Stanley Black& Decker (SBD) is to provide salary replacement on a short-term basis to eligible employees who participate in the Company's Management Incentive Compensation Plan ("MICP") Levels 1-5 and equivalent positions whose job has been permanently and involuntarily eliminated as a direct result of a "Job Loss Event." The objective of this Plan is to help affected individuals transition to new employment without any loss in base compensation for the specified period.

Effective January 1, 2014, this Plan alone governs all separation payments to executive level employees in the U.S. This Plan supercedes and replaces any previous employee benefit plan related to separation or separation pay (including any earlier Black& Decker or Stanley Works plan).

ELIGIBILITY

Employees who are eligible to receive benefits under this Executive Separation Pay Policy are those employees who, in the year of their separation from the Company, are actively participating in the MICP Levels1-5 and equivalent positions who have been involuntarily terminated due to a Job Loss Event.

A Job Loss Event is defined as an employment termination that is: 1) permanent in nature, 2) involuntary, 3) initiated by the Company through no fault of the affected employee, and 4) the direct result of a job elimination or combination with another position.

The term "job loss event" shall not include any employment termination for any other reason including, without limitation, involuntary reductions caused by unforeseen or emergency circumstances or decreased market demand, even if such job reductions are permanent. Further, a Job Loss Event shall not include a situation where the Company offers to continue the employee in a job that is substantially similar in nature to his or her job, regardless of whether the employee accepts or rejects such employment opportunity.

Separation pay will not be paid to employees who terminate due to voluntary termination, retirement, or failure to return from an approved leave of absence.

Separation pay will not be paid to an employee who is discharged for unacceptable job performance or for violation(s) of reasonable rules of conduct including, but not limited to, those found in the Global Business Conduct Guidelines.

Separation pay will not be paid at the time of the sale of a business unit or portion thereof (or its assets) or when a department or function is outsourced to a third party if the purchaser or third party offers to continue the employee in his or her job or in a job that is substantially similar in nature to his or her job, regardless of whether the employee accepts or rejects such employment opportunity.

This policy excludes all employees other than those participating in the Corporate Management Incentive Compensation Plan Levels1-5 and equivalent positions.

SEPARATION PAY

An employee whose employment is involuntarily terminated due to a Job Loss Event will be eligible to receive a separation benefit.

An employee who has been re-hired will only be entitled to a new separation payment based on Company service from his or her most recent re-hire date through his or her last day of work.

ELIGIBILITY SCHEDULE FOR SEPARATION PAY

The following is the eligibility schedule for separation pay:

Job Loss Event

Eligible employees who participate in the Corporate Management Incentive Compensation Plan at Level 4 or 5 and equivalent positions will receive twenty-six (26) weeks of separation pay regardless of their length of service. Eligible employees who participate in the Corporate Management Incentive Compensation Plan at Level 3 or higher will receive fifty-two (52) weeks of separation pay regardless of their length of service. Separation pay will equal 100%of the employee's base weekly pay.

Release and Waiver

An employee's eligibility to receive benefits under this Plan is contingent upon him or her first signing a release and waiver in the form provided them by the Company which may include, without limitation, a covenant not to compete, a no solicitation of employees restriction, a no solicitation of customers restriction, and other clauses deemed relevant by the Company. An employee who, for whatever reason, elects not to sign such a release and waiver is not eligible for any separation pay.

Special Pay for a Facility Closure

If the Job Loss Event is due to a full facility closing, as determined by the Company, the employee will be eligible to receive the greater of their separation pay entitlement under this policy or the amount their length of service entitles them to pursuant to the Facility Closure Schedule (*see Appendix A to HR Guideline 3001 for a complete schedule of separation pay eligibility due to a Facility Closure*). Separation pay benefits will be paid in full regardless of re-employment, however, if the employee is rehired by the Company, separation payments would cease.

In the case of a Job Loss Event or Facility Closure, separation pay will be reduced by any other payments (other than unpaid vacation benefits) due to termination of employment, not counting unemployment compensation, and by any period of advanced notice of termination required by law or contract in which the employee is not required to work.

SPECIAL MEDICAL & DENTAL SUBSIDY

Affected employees who are at least 55 years of age and have at least 20 years of service with the Company will be eligible to receive a special medical and dental subsidy, if they elect either retiree or COBRA health care benefits. This subsidy is equal to 50% of normal COBRA costs for up to 18 months or the employee can elect to have the same subsidized dollar amount applied to retiree medical premiums (if they qualify) for the same period of time. The subsidy ends the first of the month in which the retiree turns age 65 or 18 months, whichever comes first. If the employee reaches age 65 while receiving the subsidy and the under age 65 spouse is still eligible for additional months under the 18 month rule, the spouse continues the subsidy for the remainder of the 18 months or first of the month in which the spouse turns 65, whichever occurs first.

BENEFITS FOR TERMINATED EMPLOYEES

Eligibility for Company benefit programs for terminating employees cease at various times in accordance with the following schedule: (*Refer to the Separation Guide for more details*)

- on the last day worked: vacation, short and long term disability, business travel accident insurance, 401(k) savings plan, deferred compensation and pension plan (if applicable), voluntary benefits (including homeowners, auto and pet insurance) and company service awards.

- on the last day of the last month of your last day paid, including separation pay, and has made any required contributions: medical, dental, and vision (if applicable); basic, supplemental and dependent life insurance, and accidental death and dismemberment insurance, group legal, employee assistance program (EAP)and Flexible Spending Accounts, if applicable.

A. Vacation - Vacation pay will be paid in accordance with the provisions of the Vacation Human Resource Guideline 2002.

B. Disability Benefits - There is no conversion privilege for short term disability benefits. However, Executive Long Term Disability can be continued if the employee chooses to do so and applies and pays for the first premium within 60 days of their last day worked. At the time of termination, a conversion option is available to participants enrolled in Executive LTD to convert the Executive LTD group benefit and also continue the Individual Executive LTD portion of the benefit. The group Executive LTD benefit may be converted at group conversion rates determined by the insurance company up to certain guaranteed maximum benefit amounts, provided the employee has been covered by the plan for the last 12 months. When these policies are continued, the employee is required to pay the premiums directly to the insurance company. Lindberg & Ripple, the insurance agents handling the Executive LTD plan, can provide more conversion information at (860)761-9790.

C. Basic & Supplemental Life Insurance/AD&D - All employees receiving separation pay will remain enrolled in the active Basic and Supplemental employee and dependent life insurance and AD&D plans in which they were enrolled on their last day worked through the end of the month of the last day paid, including separation pay, provided they make the necessary Supplemental Life/AD&D contributions. Employees may convert and/or port their active life insurance coverage to an individual policy within 31 days of their coverage end date, according to the terms of the insurance plan. There is a conversion option under the Basic and Supplemental Life insurance plans. There is also a portability option (with more favorable rates) under the Supplemental Life plan only. Conversion and Portability forms are available on uCentral.

D. Executive Life - (MICP Level 4 and above) - The company will continue paying the Executive Life premiums until the end of the calendar quarter coincident with or following the last day paid. At that time, eligible employees can discuss continuation alternatives with Lindberg & Ripple, the insurance agent handling this Executive Life plan. For more information, call Lindberg & Ripple at (860)761-9790. If the employee qualifies for a final retirement funding payment under the terms of the Executive Life insurance plan, the company will make this payment according to the retirement terms of the Executive Life Insurance plan based on your age and years of service.

E. Medical, Dental, and Vision Care - All employees receiving separation pay will remain enrolled in the active medical, dental and vision insurance plans in which they were enrolled on the last day worked through the end of the month of the last day paid, including separation pay, provided they make the necessary contributions.

At such time, employees may elect to continue their group medical, dental and/or vision insurance under COBRA regulations for a period of up to 18 months (or up to 36 months upon a second qualifying event such as death, divorce or when a dependent child ceases to be a dependent) by electing COBRA within the time allowed under federal law and making the premium payments in advance. Once on COBRA, if the cobra participant becomes entitled (enrolled) in Medicare, the COBRA coverage will end per federal regulations.

At the end of the COBRA continuation period, retiree coverage cannot be elected and a medical conversion option is not available.

All employees who are at least 55 years of age with at least 10 years of service as of their last day paid may, in lieu of exercising any COBRA rights, elect coverage under the retiree medical and, provided the employee is under age 65, dental plans. Retirees pay the full cost of retiree coverage unless they qualify for the involuntary termination subsidy (age 55 or greater with 20 or more years of service) listed above.

Employees who are at least 55 years of age with at least 10 years of service as of their last day paid who elect medical, dental and/or vision insurance under COBRA regulations in lieu of retiree medical and/or dental coverage will not, from the point of such COBRA election forward, be eligible to enroll in the retiree medical and/or dental plans.

Employees who are at least 55 years of age with at least 10 years of service as of their last day paid who choose not to elect insurance coverage under either COBRA regulations or under the retiree medical and/or dental (if under age 65) plans because they are covered by a spouse's active employer's insurance plan will be eligible to enroll in the SBD retiree medical and/or dental plans at a later date, only if they lose their spouse's coverage and apply for retiree coverage within 31 days after losing such coverage.

The company reserves the right, for current and future retirees, to change, amend or terminate any retiree life, medical or dental plans at any time, without advance notice, including changing plan benefits, changing plan administrators/insurers, changing retiree contributions, reducing or eliminating company subsidies, and terminating retiree insurance plans.

F. Pensions - Employees who are pension plan participants and are at least 55 with at least 10 years of service as of their last day worked are eligible to retire.

G. Company cars - Company issued vehicles must be returned by the employee's last day worked, excluding any extended employment period. In the alternative, the employee may purchase the vehicle from the Company for the wholesale market value price set by the Company.

H. Stock Option Plan Exercise Periods - At the discretion of the Senior Vice President of Human Resources, employees will have 180 days plus 2 calendar months to exercise any eligible shares, under the terms of the Stock Option Plan. These time frames do not apply to any stock options for "retirees" or those granted by Black & Decker, Inc.

I. MICP Payments - Employees will receive a share pro-rated through their last day worked in an amount determined by the Senior Vice President of Human Resources in his/her sole discretion.

J. Retirement Account Plan (RAP)and Supplemental RAP- A salaried employee whose employment is terminated will receive from any plan those funds in which he or she is entitled to under the terms of the plan. Core allocations are credited quarterly provided active employment on last day of the calendar quarter.

K. Unemployment Compensation - Consistent with the applicable State laws, the Company should not accept unemployment compensation charges for employees who resign or who are discharged for cause (that is, violation(s) of reasonable rule(s) of conduct).

APPEALS

A. Applicability of Appeals Procedure - The appeals procedure set forth in this Section may be employed only for the purposes specified in this Section.

B. Procedure for Appeals - An employee whose claim for benefits under this Policy is denied in whole or in part may submit a written request to the Separation Pay Policy Plan Administrator at 1000 Stanley Drive, New Britain, CT 06053 for reconsideration within 60 days after receiving notice that he or she is deemed ineligible for benefits under this Policy.

The employee's request must be in writing and include appropriate issues, facts and reasons why the employee believes he or she is eligible for benefits under this Policy. The employee may also make a written request to review copies of the Policy.

The Separation Pay Policy Plan Administrator will review the employee's appeal and provide a written response within 60 days after receiving the appeal, unless special circumstances require further time for processing, but in no event more than 120 days. This written response will explain the reasons for the decision, will reference specific facts used to reach a final decision and will provide all other required legal notices.

All actions, determinations and interpretations of the Separation Pay Policy Plan Administrator will be performed in a uniform and nondiscriminatory manner. The Separation Pay Policy Plan Administrator's decision on appeal will be final and legally binding on the Claimant and all other interested persons.

C. Benefits Payable After Appeal -In the event that an appeal with respect to entitlement to a benefit is decided in favor of an employee, the benefit will be paid to him or her within 30 days of receiving written notice from the Separation Pay Policy Plan Administrator.

NOTICE OF ERISA RIGHTS

As a participant in the Plan, you are entitled to certain rights and protections under the Employee Retirement Income Security Act of 1974 (ERISA).ERISA provides that all Plan participants shall be entitled to:

- Examination, without charge, in the officer of the Administrator of the Plan, all Plan documents, including copies of all documents which may be filed by the Plan with the U.S. Department of Labor, such as annual reports and Plan descriptions;

- Obtain copies of all documents governing the operation of the Plan and other Plan information upon written request to the Administrator of the Plan. The Administrator of the Plan may make reasonable charges for copies;

- Receive a summary of any financial reports. If such a summary is required by law, the Plan Administrator will automatically furnish each participant with a copy of the summary annual report.

StanleyBlack&Decker

Joseph Voelker
Senior V.P., Human Resources
Stanley Black & Decker, Inc.
1000 Stanley Drive
New Britain, CT 06053

February 17, 2016

John Wyatt
[redacted]

Dear John:

As we have discussed, in connection with your promotion to President of the Engineered Fastening business, with effect from January 20, 2016:

- Your employer will change from Black & Decker, Inc. to Emhart Teknologies, LLC;
- You will be a participant in the Management Incentive Compensation Program for the Engineered Fastening Business (Level 1A) for the 2016 Fiscal Year, with a target bonus equal to 70% of your base salary and a maximum bonus equal to 140% of your base salary;
- For performance periods beginning with the 2016 fiscal year, you will participate in the Long-Term Performance Award program as a Level 1A employee, with a target opportunity of 70% of your base salary and a 140% of base salary maximum payout.
- The Company will reimburse your reasonable cost for Connecticut housing for up to 24 months, until you and your family move to Connecticut, and will assist with your relocation from Maryland to Connecticut pursuant to the Company's standard relocation policy.
- You will continue to receive the transition benefits through December 31, 2017, and, except as modified above, the other benefits set forth in my letter of December 22, 2014.

As a senior executive, you should be aware that Section 409A of the Internal Revenue Code may require us to delay certain payments to you or impact the reimbursement of expenses, should you leave the Company for any reason. Attached is a document outlining what that would mean.

Sincerely,

Joseph R. Voelker

Accepted and agreed,

Signature: ______________________________________

Date: ____

StanleyBlack&Decker

Joseph Voelker
Senior V.P., Human Resources
Stanley Black & Decker, Inc.
1000 Stanley Drive
New Britain, CT 06053

Payment and Reimbursement Rules for Specified Employees

If you are a "Specified Employee" (as determined by Stanly Black & Decker in accordance with Section 409A of the Code) at the time of your "separation from service" and if any portion of the payments or benefits to be received by you upon a separation from service would be considered "deferred compensation" under Section 409A, amounts that would otherwise be payable to you during the six-month period immediately following your separation from service (the "Delayed Payments") and benefits that would otherwise be provided to you (the "Delayed Benefits") during such six month period (the "Delay Period") shall instead be paid or made available on the earlier of (i) the first business day of the seventh month following the separation from service or (ii) your death (the applicable payment date the "Permissible Payment Date"). A Specified Employee also will be reimbursed for the after tax cost incurred by the employee in independently obtaining any Delayed Benefits.

With respect to any amount of business expenses properly incurred for which a Specified Employee has not yet been reimbursed at the time of a separation from service, such expenses shall be reimbursed by the Company within thirty (30) calendar days following the date on which we receive the applicable invoice from the Specified Employee, but in no event later than December 31 of the year following the year in which the expense was incurred, provided that, with respect to reimbursement relating to the Additional Delayed Payments, such reimbursement shall be made on the Permissible Payment Date. In no event shall the reimbursements or in-kind benefits to be provided by the Company in one taxable year affect the amount of reimbursements or in-kind benefits to be provided in any other taxable year, nor shall a Specified Employee's right to reimbursement or in-kind benefits be subjection to liquidation or exchange for another benefit.

Each payment due the Specified Employee shall be considered a separate payment and not a series of payments for purposes of Section 409A.

Any Delayed Payments shall bear interest and the United States 5-year Treasury Rate plus 2%, which accumulated interest shall be paid to the Specified Employee on the Permissible Payment Date.

In the event a Specified Employee is required to execute a release as a condition to receiving certain payments following a separation from service (the "Conditional Payments"), the employee must execute, deliver and not revoke, within sixty (60) calendar days following his or her separation from service, the required release. If the release has not been executed, delivered and become irrevocable by the Specified Employee within the statutory revocation period, the Conditional Payments shall be forfeited.

EXHIBIT 10.19(b)

StanleyBlack&Decker

John F. Lundgren
Chief Executive Officer
1000 Stanley Drive, New Britain, CT 06053
T (860) 827-3851

Inter-Office Correspondence

To: <NAME>

From: John Lundgren

Subject: <DATE RANGE> Long-Term Incentive Program

Date: <DATE1>

Dear <NAME>,

It is my pleasure to congratulate you for being selected to participate in the Long Term Performance Award Program (the "Program") under The Stanley Black & Decker 2013 Long-Term Incentive Plan. This Program is intended to provide substantial, equity-based awards for specified full-time members of our senior executive team, provided specific Corporate goals are achieved during the Program's <NUMBER> month measurement period (<DATE RANGE>).

In conjunction with our short-term incentive compensation program (MICP) and our equity award program, the Program is an important element of your total compensation package, and provides a strong additional incentive to continue increasing shareholder value.

Bonus Opportunity

Each participant will have an opportunity to earn a number of Performance Shares (PS) based upon achievement of corporate financial goals, and may earn additional performance shares if the corporate financial goals are exceeded. Each PS unit represents one share of Stanley Black & Decker Common Stock and, accordingly, the potential value of a participant's performance award under the Program may change as our stock price changes.

Each participant is allocated a threshold, target and maximum number of PS units based upon assigned percentages of his or her annual base salary at the rate in effect as of <DATE2>. The initial value of each PS unit is $<AMOUNT>, the average of the high and low price of a share of company common stock on <DATE3>.

Your performance award covers the following number of PS units:

	Threshold	Target	Max
% of Pay	<VALUE1>	<VALUE2>	<VALUE3>
# PS	<NUMBER1>	<NUMBER2>	<NUMBER3>

Performance awards will become vested at the time of settlement to the extent that the applicable performance metrics have been achieved and provided the participant is continuously employed by Stanley Black & Decker until such time, as more fully set forth in the enclosed Terms and Conditions Applicable to Long Term Performance Awards.

Financial Measurements

The Corporate financial goals for this Program will consist of three metrics. Two absolute goals (EPS and CFROI) and one relative goal (TSR) as set forth in the attached document.

Although this summary includes the key aspects of the Program, it is not intended to represent a full accounting of the rules and regulations applicable to the Program and is subject to the terms described in the Terms and Conditions Applicable to Long Term Performance Awards and The Stanley Black & Decker 2013 Long-Term Incentive Plan (available on request), which together with this document govern the Program.

If you have any questions, please call me, Jim Loree or Joe Voelker. Once again, thank you for your continued support and congratulations on being selected to participate in this important Program.

Best regards,

Terms and Conditions applicable to
Long Term Performance Awards

This certifies that Stanley Black & Decker, Inc. (the **"Company"**) has, on the Date set forth in Award Letter to which these Terms and Conditions apply, granted to the Participant named above a performance award **("Performance Award")** of that number of Performance Units set forth in the Award Letter, subject to certain restrictions and on the terms and conditions contained in the Award Documents and the Company's 2013 Long-Term Incentive Plan, as amended from time to time (the **"Plan"**). A copy of the Plan is available upon request. In the event of any conflict between the terms of the Plan and the Award Documents, the terms of the Plan shall govern. This Performance Award represents the right of the Participant to receive a number of Shares to be issued if the Company achieves the Performance Goals for the Measurement Period and employment requirements are satisfied.

1. **Time and Manner of Settlement.** As soon as practicable following completion of the applicable Measurement Period, and assuming that the Threshold Performance Goals are achieved and employment requirements are satisfied, the Company shall issue a number of Shares to the Participant, in settlement of the Participant's Performance Award, equal to (i) the number of Shares specified in the Award Letter to be issued based upon the Performance Goals achieved plus (ii) in the event performance falls between the Threshold and Target or Target and Maximum Goals as specified in the Award Documents, a pro rata number of Shares calculated as follows (rounded to the closest whole number):

   $S = ((A-L)/(N-L))x(SN-SL)$

   where:
   S =the additional number of Shares to be issued
   A = the actual achievement in respect of the applicable performance factor
   L = the Goal exceeded for the applicable performance factor (i.e., threshold or target)
   N =the next highest Goal for the applicable performance factor (i.e., target or maximum)
   SN =the number of Shares designated for issuance at the next highest applicable Performance Goal; and
   SL = the number of Shares designated for issuance at the applicable Performance Goal reached.

2. **Vesting; form of settlement.** Performance Awards will become vested on the Settlement Date to the extent that the applicable performance metrics have been achieved and provided that the participant is continuously employed by the Company until such time. Performance Awards will be settled in shares of Company common stock as soon as practicable following the end of the Measurement Period. Performance Awards will be settled in the form of Unrestricted Stock.

   If a participant's employment with the Company terminates due to his or her Retirement, death or Disability prior to the date the Performance Awards are settled, the participant's Performance Award will be pro-rated based on the number of complete months in the Measurement Period that the participant was employed by the Company. The participant's pro-rated Performance Award will be settled at the same time as performance awards for active participants are settled, to the extent the applicable performance metrics have been achieved. Pro-rated performance awards will be settled in the form of Unrestricted Stock. A participant whose employment with the Company terminates prior to the Settlement Date for any other reason will forfeit all rights in respect of his or her performance award and will not be entitled to receive any Shares or other payment under the Program.

3. **Rights of a Shareholder.** The Participant shall not have any rights of a shareholder with respect to the Performance Awards or any Shares issued in settlement thereof prior to the Settlement Date.

4. **Transferability.** Transferability shall be as set forth in the Plan.

5. **Adjustments.** Notwithstanding any other provision hereof, the Committee shall have authority to make adjustments in the terms and conditions of, and the criteria included in, Performance Awards granted hereunder, as set forth in the Plan.

6. **Miscellaneous.** The Committee shall have full authority to administer the Performance Awards and to interpret the terms of the Award Documents, which authority includes the authority to waive certain conditions in appropriate circumstances. All decisions or interpretations of the Committee with respect to any question arising in respect of the Performance Awards shall be binding, conclusive and final. The waiver by the Company of any provision of this document or any other Award document shall not operate as or be construed to be a subsequent waiver of the same provision or a waiver of any other provision of this document or any other Award document. The validity and construction of the terms of this document and any other Award document shall be governed by the laws of the State of Connecticut. The terms and conditions set forth in this document and any other Award document are subject in all respects to the terms and conditions of the Plan, which shall be controlling. The Participant agrees to execute such other agreements, documents or assignments as may be necessary or desirable to effect the purposes hereof.

7. **Unfunded Arrangement.** The Performance Awards represented in the Award Documents constitute an unfunded unsecured promise of the Company and the rights of the Participant in respect of the Performance Awards are no greater than the rights of an unsecured creditor of the Company.

8. **Capitalized Terms.** The following capitalized terms shall have the meaning set forth below for purposes of this Letter. All other capitalized terms used in this document shall have the meanings set forth in the Plan.

    Award Documents. The documents provided to a Participant that advise the Participant that he or she has been selected to Participate in the Performance Award Program and set forth the Performance Period, Performance factors, Performance Goals, amounts payable at the Threshold, Target and Maximum Levels, and the terms and conditions applicable to the Award, which shall consist of an Award Letter, signed by the Chairman & Chief Executive Officer or the Senior Vice President, Human Resources , and the documents referenced therein.

Disability. Disability has the meaning provided in Section 22(e)(3) of the Internal Revenue Code of 1986, or any successor provision.

Executive Officer. A person who the Company has designated an Executive Officer as such term is defined in Rule 3b-7 under the Securities Exchange Act of 1934 and as such term is used in Item 401(b) of Regulation S-K.

Measurement Period. The period during which financial performance is measured against the applicable Performance Goals as set forth in the Award Documents.

Performance Goals. Goals established by the Compensation and Organization Committee of the Board of Directors or, pursuant to an appropriate delegation of authority, the Chief Executive Officer, for performance of the Company as a whole and/or specific businesses or functions during the Measurement Period. The Performance Goals applicable to a Participant for a particular Measurement Period, if not enclosed with the Award Letter, will be communicated to the Participant by a member of the Company's Human Resources Department.

Retirement. The Participant's termination of employment with the Company and each of its Affiliates after attaining the age of 55 and completing 10 years of service.

Settlement Date. The date payments are made to Participants based on the Performance Goals achieved for the Measurement Period. The payments will typically occur by March 15 of the year following the Measurement Period.

Shares. Shares of Unrestricted Stock to be issued if Performance Goals are achieved, as specified in the Award Documents.

Unrestricted Stock. Common Stock of the Company that may be sold at any time.

EXHIBIT 12

COMPUTATION OF RATIO OF EARNINGS TO FIXED CHARGES

For the fiscal years ended January 2, 2016, January 3, 2015, December 28, 2013, December 29, 2012 and December 31, 2011

(Millions of Dollars)

	Fiscal Year				
	2015	**2014**	**2013**	**2012**	**2011**
Earnings from continuing operations before income taxes and non-controlling interest	**$ 1,150.8**	$ 1,084.8	$ 587.6	$ 533.1	$ 666.1
Add:					
Interest expense	**180.4**	177.2	160.1	144.0	140.4
Portion of rents representative of interest factor	**12.0**	13.6	14.6	14.4	14.6
Distributed income of equity investees	**—**	—	—	—	2.8
Income as adjusted	**$ 1,343.2**	$ 1,275.6	$ 762.3	$ 691.5	$ 823.9
Fixed charges:					
Interest expense	**$ 180.4**	$ 177.2	$ 160.1	$ 144.0	$ 140.4
Portion of rents representative of interest factor	**12.0**	13.6	14.6	14.4	14.6
Fixed charges	**$ 192.4**	$ 190.8	$ 174.7	$ 158.4	$ 155.0
Ratio of earnings to fixed charges	**7.0**	6.7	4.4	4.4	5.3

EXHIBIT 21

SUBSIDIARIES OF STANLEY BLACK & DECKER, INC.

The following is a list of all active subsidiaries of Stanley Black & Decker, Inc. as of January 2, 2016.

Corporate Name	Jurisdiction of Incorporation/ Organization
Domestic Subsidiaries	**United States**
AeroScout LLC	Delaware
AeroScout (US)LLC	Delaware
Asia Fastening (US), Inc.	Delaware
BD Abrasive LLC	Delaware
B&D Holdings, LLC	Maryland
BDK Faucet Holdings Inc.	Delaware
Black & Decker (Ireland) Inc.	Delaware
Black & Decker (U.S.) Inc.	Maryland
Black & Decker de Panama LLC	Maryland
Black & Decker Funding Corporation	Delaware
Black & Decker Group, LLC	Delaware
Black & Decker Healthcare Management Inc.	Maryland
Black & Decker Holdings, LLC	Delaware
Black & Decker Inc.	Delaware
Black & Decker India Inc.	Maryland
Black & Decker Investment Company, LLC	Delaware
Black & Decker Investments (Australia) Limited	Maryland
Black & Decker Investments LLC	Maryland
Black & Decker Mexfin LLC	Delaware
Black & Decker Puerto Rico Inc.	Delaware
Black & Decker Shelbyville, LLC	Kentucky
Bostitch-Holding, L.L.C.	Delaware
CLP2 GP, LLC	Delaware
CRC-Evans International Holdings, Inc.	Delaware
CRC-Evans International, Inc.	Delaware
CRC-Evans Pipeline International, Inc.	Delaware
CRC-Evans Welding Services, Inc.	Delaware
Devilbiss Air Power Company	Delaware
Emglo Products, LLC	Maryland
Emhart Harttung Inc.	Delaware
Emhart Teknologies LLC	Delaware
Hardware City Associates Limited Partnership	Connecticut
Infastech Decorah, LLC	Delaware
Infologix - DDMS, Inc.	Delaware
InfoLogix Systems Corporation	Delaware
Infologix, Inc.	Delaware
Jafford LLC	Maryland
JennCo1, Inc.	Delaware
Microalloying International, Inc.	Delaware
Newfrey LLC	Delaware
Pacom Systems (North America) Inc.	Delaware
PIH U.S., Inc.	Alabama
Porter-Cable Argentina, LLC	Minnesota
RIGHTCO II, LLC	Delaware

Domestic Subsidiaries (continued)

Sargent & Greenleaf, Inc.	Indiana
SBD Cayman LLC	Delaware
SBD Insurance, Inc.	Connecticut
SBD Property Holdings, LLC	Delaware
SecurityCo Solutions, Inc.	Delaware
Spiralock Corporation	Michigan
Stanley Access Technologies LLC	Delaware
Stanley Atlantic LLC	Delaware
Stanley Black & Decker Cayman Holdings, Inc.	Delaware
Stanley Black & Decker Chile, L.L.C.	Delaware
Stanley Black & Decker, Inc	Connecticut
Stanley Canada Holdings, L.L.C.	Delaware
Stanley Convergent Security Solutions, Inc.	Delaware
Stanley European Holdings, L.L.C.	Delaware
Stanley Fastening Systems, L.P	Delaware
Stanley Housing Fund, Inc.	Delaware
Stanley Industrial & Automotive, LLC	Delaware
Stanley Inspection, L. L. C.	Delaware
Stanley International Holdings, Inc.	Delaware
Stanley Inspection US, L.L.C.	Alabama
Stanley Logistics, L.L.C.	Delaware
Stanley Pipeline Inspection, L.L.C.	Delaware
Stanley Security Solutions, Inc.	Indiana
Stanley Supply & Services, Inc.	Massachusetts
The Black & Decker Corporation	Maryland
The Farmington River Power Company	Connecticut
View Technologies	Delaware
Zag USA, Inc.	Delaware

International Subsidiaries	Jurisdiction of Incorporation/ Organization
Black & Decker Argentina S.A.	Argentina
Black & Decker Distribution PTY. LTD.	Australia
Black & Decker Finance (Australia) Ltd.	Australia
Black & Decker Holdings (Australia) Pty. Ltd.	Australia
Black & Decker No. 4 Pty. Ltd.	Australia
Infastech (Australia) PTY Limited	Australia
Pacom Systems Pty Limited	Australia
Powers Fasteners Australasia Pty Limited	Australia
Powers Fasteners Australia Limited	Australia
Powers Rawl Pty. Ltd.	Australia
Rawl Australasia Pty. Ltd.	Australia
Rawlplug Unit Trust	Australia
SBDK Australia GP	Australia
Stanley Black & Decker Australia Pty Ltd	Australia
Stanley Black & Decker Holdings Australia Pty Ltd.	Australia
Stanley Security Solutions Australia Pty Ltd.	Australia
The Stanley Works Pty. Ltd.	Australia
Stanley Black & Decker Austria GmbH	Austria
Facom Belgie BVBA	Belgium
General Protection BVBA	Belgium
Stanley Black & Decker Belgium BVBA	Belgium
Stanley Black & Decker Latin American Holding BVBA	Belgium
Stanley Black & Decker Logistics BVBA	Belgium
Stanley Europe BVBA	Belgium
Stanley Security Belgium BVBA	Belgium
Stanley Security Europe BVBA	Belgium
Black & Decker do Brasil Ltda.	Brazil
CRC-Evans PIH Serviços De Tubulação Do Brasil Ltda	Brazil
M.HART do Brasil Ltda.	Brazil
Refal Industria e Comercio de Rebites e Rebitadeiras Ltda.	Brazil
Spiralock do Brasil, Ltda.	Brazil
CRC-Evans Canada LTD.	Canada
First National AlarmCap LP/Premiere Societe en Commandite Nationale Alarmcap	Canada
Mac Tools Canada Inc.	Canada
Microtec Enterprises, Inc.	Canada
Mont-Hard (Canada) Inc.	Canada
Stanley Black & Decker Canada Corporation	Canada
Stanley CLP2	Canada
Stanley CLP3	Canada
Stanley Inspection Canada Ltd	Canada
XMARK Corporation	Canada
Besco Investment Group Co. Ltd.	Cayman Islands
Black & Decker (Cayman) Finance Limited	Cayman Islands
Black & Decker Manufacturing, Distribution & Global Purchasing Holdings LP	Cayman Islands
Chiro (Cayman) Holdings Ltd.	Cayman Islands
Jointech Corporation, LTD.	Cayman Islands
SBD Holdings Cayman, LP	Cayman Islands
Wintech Corporation Limited	Cayman Islands
Maquinas y Herramientas Black & Decker de Chile S.A.	Chile
Anzi Masterfix Tool Limited Liability Company	China

International Subsidiaries (continued)

Besco Machinery Industry (Zhejiang) Co., Ltd.	China
Black & Decker (Suzhou) Co., LTD	China
Black & Decker (Suzhou) Power Tools Co., LTD	China
Black & Decker (Suzhou) Precision Manufacturing Co., LTD.	China
Black & Decker Asia Based Enterprises	China
Black & Decker SSC CO., LTD.	China
Guangzhou Emhart Fastening System Co., LTD	China
Hefei INTACA Science & Technology Development Co., Ltd	China
Infastech (Shenzhen) Limited	China
Infastech Fastening Systems (Wuxi) Limited	China
Jiangsu Guoqiang Tools Co., Ltd	China
Jiangsu Tongfeng Hardware Co., Ltd	China
Powers Shanghai Trading Ltd.	China
Quingdao Sungun Power Tool Co., Ltd	China
Shanghai Eastern Iron Hardware Co., Ltd.	China
Stanley Black & Decker Precision Manufacturing (Shenzhen) Co., Ltd.	China
Shanghai Emhart Fastening Systems LTD	China
Stanley GMT Hardware Co., Ltd.	China
Stanley Works(Wendeng) Tools Co., Ltd	China
The Stanley Works (Langfang) Fastening Systems Co., Ltd	China
The Stanley Works (Shanghai) Co., Ltd.	China
The Stanley Works (Shanghai) Management Co., Ltd.	China
The Stanley Works (Zhejiang) Industrial Tools Co., Ltd	China
The Stanley Works (Zhongshan) Tool Co., Ltd	China
Black & Decker de Colombia S.A.S.	Colombia
Black and Decker de Costa Rica Limitada	Costa Rica
Black & Decker (Czech) s.r.o.	Czech Republic
Stanley Black & Decker Czech Republic s.r.o.	Czech Republic
Tucker S.R.O.	Czech Republic
Emhart Harttung A/S.	Denmark
Stanley Security Denmark ApS	Denmark
Black & Decker del Ecuador S.A.	Ecuador
Stanley Black & Decker Finland Oy	Finland
Stanley Security Oy	Finland
Avdel France SAS	France
BGI Distribution S.A.S.	France
Black & Decker Finance SAS	France
Bost Garnache Industries S.A.S.	France
Dubuis et Cie S.A.S.	France
Emhart Fastening & Assembly SNC	France
Facom Holding S.A.S.	France
Facom S.A.S.	France
Novia SWK S.A.S.	France
Piole Parolai Equipement S.A.S.	France
Pro One Finance S.A.S.	France
Societe Miniere et Commerciale S.A.S	France
Stanley Black & Decker France S.A.S.	France
Stanley Black et Decker France Services S.A.S.	France
Stanley Healthcare Solutions France Sàrl	France
Stanley Security France SAS	France
Stanley Tools S.A.S.	France

International Subsidiaries (continued)

Avdel Deutschland GmbH	Germany
B.B.W. Bayrische Bohrerwerke G.m.b.H.	Germany
Black & Decker Holdings GmbH	Germany
Black & Decker International Holdings B.V. & CO. KG.	Germany
Horst Sprenger GmbH Recycling-tools	Germany
SETEC Vertriebsgesellschaft für Brand- und Einbruchmeldesysteme mbH.	Germany
Stanley Black & Decker Deutschland GmbH	Germany
Stanley Security Deutschland Administration GmbH	Germany
Stanley Security Deutschland GmbH	Germany
Stanley Security Deutschland Holdings GmbH	Germany
Tucker GmbH	Germany
Stanley Black & Decker (Hellas) EPE	Greece
Avdel Holdings (Hong Kong) Limited	Hong Kong
BDC International Limited	Hong Kong
BD Precision (Hong Kong) Limited	Hong Kong
BD SUZHOU (Hong Kong) Limited	Hong Kong
BD SUZHOU POWER TOOLS (Hong Kong) Limited	Hong Kong
BD XIAMEN (Hong Kong) Limited	Hong Kong
Black & Decker Hong Kong Limited	Hong Kong
Emhart Guangzhou (Hong Kong) Limited	Hong Kong
Hangtech Limited	Hong Kong
Infastech (China) Limited	Hong Kong
Infastech Company Limited	Hong Kong
Niscayah Asia Ltd	Hong Kong
Niscayah Investments Ltd	Hong Kong
Stanley Black & Decker Hungary Korlatolt Felelossegu Tarsasag	Hungary
Stanley Finance Hungary Group Financing Limited Liability Company	Hungary
Avfast (India) Pvt. Ltd.	India
Infastech Fastening Technologies India Private Limited	India
Stanley Black & Decker India Limited	India
Stanley Engineered Fastening India Private Limited	India
Stanley Security Solutions India Private Limited	India
Stanley Works (India) Private Limited	India
PT Stanley Black & Decker	Indonesia
Baltimore Financial Services Company	Ireland
Baltimore Insurance Limited	Ireland
BELCO Investments Company	Ireland
Black & Decker International Finance 1 Limited	Ireland
Black & Decker International Finance 3 Limited	Ireland
Chesapeake Falls Holdings Company	Ireland
Gamrie Limited	Ireland
SBD European Investment	Ireland
SBD European Security International	Ireland
SBD European Security Investment	Ireland
SBD Infastech 1	Ireland
SBD Infastech 2	Ireland
SBD Infastech 3	Ireland
Stanley Black & Decker Finance Unlimited Company	Ireland
Stanley Black & Decker International Finance 1 Limited	Ireland
Stanley Black & Decker International Finance 2	Ireland
Stanley Black & Decker International Finance 3	Ireland
Stanley Black & Decker International Finance 4	Ireland

International Subsidiaries (continued)

Stanley Black & Decker International Finance 5	Ireland
Stanley Black & Decker Ireland	Ireland
Stanley Black & Decker Latin American Investment	Ireland
Stanley Security Limited	Ireland
AeroScout Ltd.	Israel
The Stanley Works Israel Ltd.	Israel
Avdel Italia S.r.l.	Italy
DeWalt Industrial Tools S.p.A.	Italy
Stanley Black & Decker Italia S.r.l.	Italy
SWK Utensilerie S.r.l.	Italy
Nippon Pop Rivets & Fasteners, LTD.	Japan
Infastech (Korea) Limited	Korea, Republic of
Black & Decker (OVERSEAS) GmbH	Liechtenstein
Asia Fastening (Cayman) S.à r.l.	Luxembourg
Black & Decker Asia Manufacturing Holdings 1 S.a.r.l.	Luxembourg
Black & Decker Asia Manufacturing Holdings 2 S.a.r.l.	Luxembourg
Black & Decker Global Holdings S.a.r.l.	Luxembourg
Black & Decker International Holdings S.A.R.L	Luxembourg
Black & Decker Limited S.A.R.L.	Luxembourg
Black & Decker Luxembourg Finance S.C.A.	Luxembourg
Black & Decker Luxembourg S.A.R.L.	Luxembourg
Black & Decker TransAsia S.a.r.l.	Luxembourg
Chesapeake Investments Company S.A.R.L.	Luxembourg
Global Fastening (Cayman) S.à r.l.	Luxembourg
Infastech S.à r.l.	Luxembourg
Global Fastening (Luxembourg) S.a.r.l.	Luxembourg
SBD European Security Holdings S.à.r.l.	Luxembourg
Stanley Black & Decker Partnership Japan	Luxembourg
SBD Niscayah S.a.r.l.	Luxembourg
Black & Decker Macao Commercial Offshore Limited	Macao
Black & Decker Asia Pacific (Malaysia) Sdn. Bhd.	Malaysia
CRC-Evans Pipeline International Sdn.Bhd.	Malaysia
Infastech (Labuan) Limited	Malaysia
Infastech (Malaysia) Sdn Bhd	Malaysia
Infastech Holdings (Malaysia) Sdn Bhd	Malaysia
Stanley Security Malaysia Sdn Bhd	Malaysia
Stanley Works (Malaysia) Sdn Bhd	Malaysia
Black & Decker de Reynosa, s. de r.l . de c.v.	Mexico
Black & Decker, S.A. de c.v.	Mexico
DeWalt Industrial Tools, S.A. de C.V.	Mexico
Grupo Black & Decker MEXICO, s. de r.l . de c.v.	Mexico
Herramientas Stanley S.A. de c.v.	Mexico
Stanley-Bostitch Servicios s. de r.l . de c.v.	Mexico
Stanley-Bostitch, S.A. de c.v.	Mexico
Black & Decker Far East Holdings B.V.	Netherlands
Black & Decker Hardware Holdings B.V.	Netherlands
Black & Decker Holdings B.V.	Netherlands
Chiro Tools Holdings B.V.	Netherlands
Emhart Teknologies B.V.	Netherlands
Interfast B.V.	Netherlands
Stanley Black & Decker Asian Holdings B.V.	Netherlands
Stanley Black & Decker Netherlands B.V.	Netherlands

International Subsidiaries (continued)

Stanley European Holdings B.V.	Netherlands
Stanley European Holdings II B.V.	Netherlands
Stanley Israel Investments B.V.	Netherlands
Stanley Security Alarmcentrale B.V.	Netherlands
Stanley Security Nederland B.V.	Netherlands
Stanley Works Holdings B.V.	Netherlands
Stanley Black & Decker NZ Limited	New Zealand
Stanley Black & Decker Norway AS	Norway
Stanley Security Holdings AS	Norway
Stanley Security AS	Norway
Black & Decker de Panama, S. de R.L.	Panama
Emhart Panama, S.A.	Panama
SBD Panama Investments LLC	Panama
SBD Panama LLC	Panama
Black & Decker del Peru S.A.	Peru
Masterfix Poland Ltd. Sp. z.o.o.	Poland
Stanley Black & Decker Polska Sp. z o.o.	Poland
Stanley Fastening Systems Poland Sp. z o.o.	Poland
Stanley Security Portugal, Unipessoal, Lda	Portugal
Stanley Black & Decker Limited Liability Company	Russian Federation
Aeroscout (Singapore) Pte. Ltd.	Singapore
Bellwether Capital Private Limited	Singapore
Black & Decker Asia Pacific Pte. Ltd.	Singapore
Infastech (Singapore) Pte. Ltd.	Singapore
Infastech Intellectual Properties Pte. Ltd.	Singapore
Infastech Receivables Company Pte Ltd	Singapore
Joint Prosperity Investment Private Limited	Singapore
Stanley Security Singapore Pte Ltd	Singapore
Stanley Works Asia Pacific Pte. Ltd.	Singapore
Visiocom International Pte Ltd	Singapore
Stanley Black & Decker Slovakia s.r.o.	Slovakia
Cooperheat of Africa (Pty) Ltd	South Africa
De-Tect Unit Inspection(Pty) Ltd	South Africa
Oceaneering Heat Treatment Services (Pty) Ltd	South Africa
Unit Inspection (International) (PTY) Ltd	South Africa
Unit Inspection Property (Pty) Ltd	South Africa
Avdel Spain SA	Spain
Pacom Systems Espana SL	Spain
Stanley Black & Decker Iberica, S.L.	Spain
SBD Holding AB	Sweden
Niscayah Group AB	Sweden
Niscayah Teknik AB	Sweden
Pacom Group AB	Sweden
Stanley Black & Decker Sweden AB	Sweden
Stanley Security Sverige AB	Sweden
Emhart GmbH	Switzerland
Sargent & Greenleaf S.A.	Switzerland
Stanley Black & Decker Holding GmbH	Switzerland
Stanley Black & Decker Sales GmbH	Switzerland
Stanley Security Switzerland Sàrl	Switzerland
Stanley Works (Europe) GmbH	Switzerland
Besco Pneumatic Corporation	Taiwan
Fastener Jamher Taiwan Inc.	Taiwan

International Subsidiaries (continued)

Stanley Chiro International Ltd	Taiwan
Stanley Fastening Systems Investment (Taiwan) Co.	Taiwan
Stanley Security Solutions Taiwan Ltd.	Taiwan
Black & Decker (Thailand) Limited	Thailand
Emhart Teknologies (Thailand) LTD.	Thailand
Infastech Thai Company Limited	Thailand
PIH (Thailand) Company Limited	Thailand
Stanley Works Limited	Thailand
Stanley Black & Decker Turkey Alet retim, Sanayi ve Ticaret Limited	Turkey
Alkhaja Pimex LLC	United Arab Emirates
Stanley Middle East FZE	United Arab Emirates
Avdel Holding Limited	United Kingdom
Avdel UK Limited	United Kingdom
Aven Tools Limited	United Kingdom
Bandhart	United Kingdom
Bandhart Overseas	United Kingdom
Black & Decker	United Kingdom
Black & Decker Europe	United Kingdom
Black & Decker Finance	United Kingdom
Black & Decker International	United Kingdom
Black & Decker International Finance (UK) Limited	United Kingdom
Black & Decker International Finance Holdings (UK) Limited	United Kingdom
CRC-Evans Offshore Limited	United Kingdom
Dewalt Industrial Power Tool Company Ltd.	United Kingdom
ELU Powers Tools Ltd	United Kingdom
Emhart International Limited	United Kingdom
Global Project (Services) Limited	United Kingdom
Meta Vision Systems Limited	United Kingdom
Niscayah Holdings Limited	United Kingdom
PIH Holdings Limited	United Kingdom
PIH Services Limited	United Kingdom
Pipeline Induction Heat Limited	United Kingdom
Stanley Black & Decker Innovations Limited	United Kingdom
Stanley Black & Decker UK Holdings Limited	United Kingdom
Stanley Black & Decker UK Limited	United Kingdom
Stanley Security Solutions (NI) Limited	United Kingdom
Stanley Security Solutions Limited	United Kingdom
Stanley Security Solutions-Europe Limited	United Kingdom
Stanley U.K. Holding Ltd.	United Kingdom
Stanley UK Acquisition Company Limited	United Kingdom
Stanley UK Services Limited	United Kingdom
SWK (U.K.) Holding Limited	United Kingdom
SWK (UK) Limited	United Kingdom
The Stanley Works Limited	United Kingdom
Tucker Fasteners Limited	United Kingdom
Universal Inspection Systems Limited	United Kingdom
Black & Decker de Venezuela, C.A.	Venezuela
Black & Decker Holdings de Venezuela, C.A.	Venezuela
Besco Investment Holdings Ltd.	Virgin Islands, British
Infastech/Tri-Star Limited	Virgin Islands, British
PIH Services ME Ltd.	Virgin Islands, British
Stanley Works China Investments Limited	Virgin Islands, British

Consent of Independent Registered Public Accounting Firm

We consent to the incorporation by reference in the following registration statements and related prospectuses of Stanley Black & Decker, Inc. and subsidiaries (the "Company") of our reports dated February 19, 2016 with respect to the consolidated financial statements and schedule of the Company, and the effectiveness of internal control over financial reporting of the Company, included in this Annual Report (Form 10-K) for the fiscal year ended January 2, 2016:

- Registration Statement (Form S-8 No. 2-93025)
- Registration Statement (Form S-8 No. 2-96778)
- Registration Statement (Form S-8 No. 2-97283)
- Registration Statement (Form S-8 No. 33-16669)
- Registration Statement (Form S-8 No. 33-55663)
- Registration Statement (Form S-8 No. 33-62565)
- Registration Statement (Form S-8 No. 33-62575)
- Registration Statement (Form S-8 No. 333-42346)
- Registration Statement (Form S-8 No. 333-42582)
- Registration Statement (Form S-8 No. 333-64326)
- Registration Statement (Form S-8 No. 333-162956)
- Registration Statement (Form S-4 No. 333-163509)
- Registration Statement (Form S-8 No. 333-165454)
- Registration Statement (Form S-8 No. 333-179699)
- Registration Statement (Form S-8 No. 333-190267)
- Registration Statement (Form S-3 No. 333-207522)

/s/ Ernst & Young LLP
Hartford, Connecticut
February 19, 2016

EXHIBIT 24

POWER OF ATTORNEY

We, the undersigned officers and directors of Stanley Black & Decker, Inc., a Connecticut corporation (the "Corporation"), hereby severally constitute Bruce H. Beatt and Donald J. Riccitelli our true and lawful attorneys with full power of substitution, to sign for us and in our names in the capacities indicated below, the Annual Report on Form 10-K for the year ended January 2, 2016 of the Corporation filed herewith (the "Form 10-K"), and any and all amendments thereof, and generally to do all such things in our name and on our behalf in our capacities as officers and directors to enable the Corporation to comply with the annual filing requirements under the Securities Act of 1934, as amended, including, all requirements of the Securities and Exchange Commission, and all requirements of any other applicable law or regulation, hereby ratifying and confirming our signatures as they may be signed by our said attorneys, or any of them, to such Form 10-K and any and all amendments thereto.

Signature	Title	Date
/s/ John F. Lundgren John F. Lundgren	Chairman and Chief Executive Officer	February 17, 2016
/s/ Andrea J. Ayers Andrea J. Ayers	Director	February 17, 2016
/s/ George W. Buckley George W. Buckley	Director	February 17, 2016
/s/ Patrick D. Campbell Patrick D. Campbell	Director	February 17, 2016
/s/ Carlos M. Cardoso Carlos M. Cardoso	Director	February 17, 2016
/s/ Robert B. Coutts Robert B. Coutts	Director	February 17, 2016
/s/ Debra A. Crew Debra A. Crew	Director	February 17, 2016
/s/ Benjamin H. Griswold, IV Benjamin H. Griswold, IV	Director	February 17, 2016
/s/ Anthony Luiso Anthony Luiso	Director	February 17, 2016
/s/ Marianne M. Parrs Marianne M. Parrs	Director	February 17, 2016
/s/ Robert L. Ryan Robert L. Ryan	Director	February 17, 2016

EXHIBIT 31.1(a)

CERTIFICATIONS

I, John F. Lundgren, certify that:

1. I have reviewed this Annual Report on Form 10-K of Stanley Black & Decker, Inc. and subsidiaries;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's Board of Directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

/s/ John F. Lundgren

Date: February 19, 2016

John F. Lundgren

Chairman and Chief Executive Officer

EXHIBIT 31.1(b)

CERTIFICATIONS

I, Donald Allan Jr., certify that:

1. I have reviewed this Annual Report on Form 10-K of Stanley Black & Decker, Inc. and subsidiaries;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's Board of Directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

	/s/ Donald Allan Jr.
Date: February 19, 2016	Donald Allan Jr.
	Senior Vice President and Chief Financial Officer

EXHIBIT 32.1

STANLEY BLACK & DECKER, INC.

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Annual Report of Stanley Black & Decker, Inc. (the "Company") on Form 10-K for the period ending January 2, 2016 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, John F. Lundgren, Chairman and Chief Executive Officer, certify, pursuant to 18 U.S.C. ss. 1350, as adopted pursuant to ss. 906 of the Sarbanes-Oxley Act of 2002, that:

(1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ John F. Lundgren

John F. Lundgren
Chairman and Chief Executive Officer
February 19, 2016

EXHIBIT 32.2

STANLEY BLACK & DECKER, INC.

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Annual Report of Stanley Black & Decker, Inc. (the “Company”) on Form 10-K for the period ending January 2, 2016 as filed with the Securities and Exchange Commission on the date hereof (the “Report”), I, Donald Allan Jr., Senior Vice President and Chief Financial Officer, certify, pursuant to 18 U.S.C. ss. 1350, as adopted pursuant to ss. 906 of the Sarbanes-Oxley Act of 2002, that:

(1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ Donald Allan Jr.

Donald Allan Jr.
Senior Vice President and Chief Financial Officer
February 19, 2016

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FINANCIAL AND INVESTOR COMMUNICATIONS

The Stanley Black & Decker investor relations department provides information to shareowners and the financial community. We encourage inquiries and will provide services which include:

- Fulfilling requests for annual reports, proxy statements, forms 10-Q and 10-K, copies of press releases and other Company information
- Meetings with securities analysts and fund managers

Contact the Stanley Black & Decker investor relations department at our corporate offices by calling **Greg Waybright, VP, Investor & Government Relations** at **(860) 827-3833** or by mail at **1000 Stanley Drive, New Britain, CT 06053**. We make earnings releases available online on the Internet on the day that results are released to the news media. Stanley Black & Decker releases and a variety of shareowner information can be found at the Company's website: **www.stanleyblackanddecker.com**.

FINANCIAL HIGHLIGHTS AND SCORECARD FOOTNOTES

(b) The Company has excluded the 2013, 2012, and 2011 after-tax merger and acquisition-related charges of $270 million ($1.70 of diluted EPS), $329 million ($1.97 of diluted EPS), and $180 million ($1.06 of diluted EPS), respectively, in the calculation of diluted EPS. These amounts were excluded because the Company believes doing so provides a better indicator of operating trends when analyzing diluted EPS, due to the unusually large magnitude of these charges and the fact that they are non-recurring. Therefore, the Company has provided these measures both including and excluding such charges.
(c) Free Cash Flow = Net cash provided by operating activities minus capital expenditures.
(d) Working Capital turns are computed as year-end working capital (accounts receivable, inventory, accounts payable, and deferred revenue) divided by fourth quarter sales, annualized.
(e) Average Capital Employed is computed as the 2-point average of debt and equity.
(f) CFROI is computed as cash from operations plus after-tax expense, divided by the 2-point average of debt and equity.

CAUTIONARY STATEMENTS UNDER THE PRIVATE SECURITIES LITIGATION REFORM ACT OF 1995

Statements in this Annual Report that are not historical, including, but not limited to, those that often contain words such as "expect," "anticipate," "intend," "plan," "believe," "seek," "see," or "will," are "forward-looking statements" and subject to risk and uncertainty. The results that are expressed or implied in such statements involve inherent risks and uncertainties that could cause actual outcomes and results to differ materially from those expectations, including, but not limited to, the risks, uncertainties and other factors set forth or referred to under Item 1A Risk Factors and Item 7 MD&A of the Company's 2015 Annual Report on Form 10-K that is part of this Annual Report, and any material changes thereto set forth in any subsequent Quarterly Reports on Form 10-Q, as well as those contained in the Company's other filings with the Securities and Exchange Commission. The Company undertakes no obligation to publicly update or revise any forward-looking statements to reflect events or circumstances that may arise after the date hereof.

FRONT COVER: DEWALT hand and power tools help professionals tackle the toughest tasks on the jobsite. **INSIDE FRONT COVER: Top Left:** Our recent Made In The USA using global materials initiative has shipped over 62 million units of products since late 2014. **Top Right:** DEWALT 40V MAX* Outdoor delivers gas performance without the gas, providing the power, runtime and durability the professional landscaper demands — all made possible by the innovation and advances in brushless motors that we have brought to market. **Bottom Left:** The world's leading automakers rely on STANLEY Engineered Fastening. **Bottom Right:** Our participation in solar is ECOSMART,™ with additional social good besides the green impact. We are proud to have a profitable, superior and cost-smart assembly solution for solar panels that helps to lessen global dependency on burning fossil fuels and create a better future for all. **INSIDE BACK COVER: Top:** STANLEY Engineered Fastening has made great inroads into solar with the NeoBolt® high strength fastening system, providing secure and permanent joints for solar panel arrays. Unlike nuts and bolts, NeoBolts are permanent, structural, tamper-proof, highly engineered fasteners that provide superior vibration resistance in structural applications. **Bottom:** DEWALT DW088LG 12V Self-Leveling Green Cross Line Laser allows for a greater visible range of up to 100 feet and long run times with the convenience of rechargeable power tool batteries. **BACK COVER: Top Left:** The STANLEY Floor Plan app turns a smart phone or tablet into a customizable floor plan mapping, job estimating and space planning tool. **Top Right:** BLACK+DECKER Drill/Driver with AutoSense Technology is the first drill/driver designed to intuitively understand when to stop screws flush with the work surface. **Bottom Left:** STANLEY Healthcare's AeroScout® Patient Flow Solution monitors the location, status and interactions of patients and staff at every stage of care in surgical services, with multiple dashboards displaying real-time status in the OR waiting area, pre-op, PACU and acute care units. **Bottom Right:** Integrating EAS with video systems and centralized monitoring helps Big Lots! create a safer, more secure and more shopper-friendly environment.

Visit **www.yearinreview.stanleyblackanddecker.com** to view pictures that bring exciting aspects of the Stanley Black & Decker story to life, to explore our financials, and to read about our businesses, our brands and our plans for growth.

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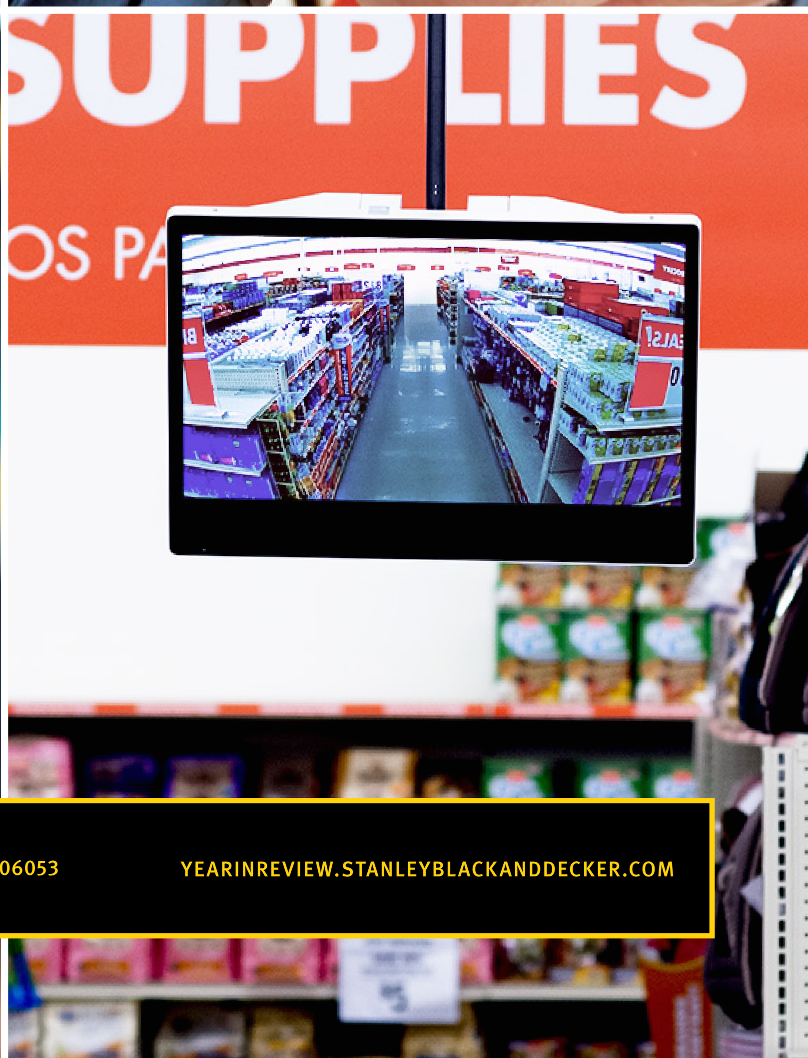

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