STANLEY WORKS
Form 8-K
April 26, 2004

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 8-K

CURRENT REPORT

Pursuant to Section 13 or 15(d) of the
Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): April 26, 2004

The Stanley Works

(Exact name of registrant as specified in charter)

Connecticut	1-5244	06-0548860
(State or other jurisdiction of incorporation)	(Commission File Number)	(IRS Employer Identification No.)

1000 Stanley Drive, New Britain, Connecticut	06053
(Address of principal executive offices)	(Zip Code)

Registrant's telephone number, including area code: (860) 225-5111

Not Applicable

(Former name or former address, if changed since last report)

Exhibit Index is located on Page 4

Item 7. Financial Statements and Exhibits.

(c) 99.1 Press Release dated April 26, 2004 announcing first quarter 2004 results and providing second quarter and full year 2004 guidance furnished pursuant to Item 12 hereof.

Item 12. In a press release attached to this Form 8-K, the company reported its results for the first quarter of 2004, provided guidance for the second quarter and full year 2004 and elaborated on certain other activities.

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

THE STANLEY WORKS

Date: April 26, 2004

By: /s/ Bruce H. Beatt

Name: Bruce H. Beatt
Title: Vice President, General Counsel and Secretary

EXHIBIT INDEX

Current Report on Form 8-K
Dated April 26, 2004

Exhibit 99.1

FOR IMMEDIATE RELEASE

Stanley Reports Record 1st Quarter Revenue and Earnings Per Share

Revenue Up 23 percent; Continuing Operations' EPS Totals 70 cents

New Britain, Connecticut, April 26, 2004 ... The Stanley Works (NYSE: SWK) announced that first quarter 2004 net income from continuing operations was $59 million (70 cents per fully-diluted share), surpassing the company's estimates of 63-67 cents per fully-diluted share provided on March 16, as strong organic sales growth continued throughout March. These results compare with earnings of $19 million (22 cents per fully-diluted share) in the first quarter of 2003; such prior year results included pre-tax restructuring costs, impairment charges and other exit costs totaling $17 million pre-tax, or 13 cents per fully diluted share. Aside from these costs, prior year earnings per fully diluted share were 35 cents.

Net sales from continuing operations were $779 million, up 23 percent over last year. Excluding the effects of recent acquisitions (CST / Berger, Blick plc and Frisco Bay Industries) sales increased 16 percent. Strong demand continued from home center and mass merchant customers; industrial tool demand benefited from notably improved economic conditions; Security Solutions revenues increased sharply on service-related share gains primarily at national accounts; and both Europe and Asia benefited from currency translations. As a result, double-digit percentage organic sales growth was achieved in nine of thirteen business units, including hand tools, consumer and industrial mechanics tools, fastening systems and Security Solutions.

John F. Lundgren, Chairman and Chief Executive Officer, stated: "Our team delivered a solid start to 2004 by executing our strategy and serving our customers well, at a time when economic conditions are improving. The company is generating double-digit percentage organic growth and supplementing it with accretive acquisitions. The successful sale of our residential entry door business and our strong free cash flow should enable us to achieve our short-term de-leveraging objectives, while positioning us to capitalize on further growth opportunities over the longer term."

Gross profit from continuing operations was $279 million, or 35.9 percent of sales, versus $213 million in the prior year. First quarter 2003 included $4 million of impairment charges and other exit costs related to the termination of the Mac Direct distribution model. Aside from such costs, gross margin was 34.3 percent last year. Thus an improvement of 160bps was realized, attributable to the carryover benefit of 2003 restructuring programs, volume leverage, the inclusion of higher-margin acquired businesses and favorable pricing and product mix. These benefits were partially offset by higher steel costs and other inflation.

Selling, general and administrative ("SG&A") expenses from continuing operations were $173 million (22.2 percent of sales). Aside from $10 million of costs

relating primarily to the exiting of Mac Direct, prior year SG&A expenses were $158 million, or 24.9 percent of sales. Businesses acquired in 2004 accounted for virtually all of the $15 million increase in SG&A expenses and the remainder of the business portfolio held SG&A spending levels constant despite the 16 percent organic sales increase; thus an improvement of 270bps was realized.

Operating income was $107 million versus $59 million last year and operating margins were 13.7 percent versus 9.4 percent last year, excluding prior year impairment charges and other exit costs referred to above.

Other-net expenses of $14 million, versus $7 million last year, increased principally due to $2 million of legal settlements, $2 million of incremental amortization of acquired intangibles and $1 million asset write-off.

On March 2, the company completed the sale of its residential entry door business to Masonite International Corporation (NYSE: MHM) for $162 million. Included in the first quarter results is the resulting after-tax gain from discontinued operations of $95 million, or $1.14 per fully diluted share.

The company also announced today that it has changed its segment reporting to align with recent changes in its portfolio of businesses. The company will report the following three segments: Consumer Products, Industrial Tools and Security Solutions. Realignment schedules reflecting sales and operating income for the four quarters of and full year 2003, identifiable assets at the end of 2003 and a listing of business units included in each segment are included as page 11 of this release and can be found in the Investor Relations section of the company's web site at www.stanleyworks.com.

In the first quarter of 2004, Consumer Products sales increased 21 percent to $306 million, due to the aforementioned strength in home center and mass merchant channels in the U.S. and favorable currency impacts in Europe. Operating margin was 15.7 percent versus 12.6 percent last year, due primarily to favorable price, mix and operating leverage from higher sales volumes.

Industrial Tools sales increased 16 percent to $316 million. Excluding CST/Berger, acquired in the first quarter, Industrial Tools organic sales increased 11 percent to $303 million. Notably improved economic conditions in a number of the business units - including fastening systems, industrial mechanics tools and tool storage - brought about the improvement. Mac Tools revenues were essentially flat, a strong performance as traditional distributor additions and higher route average sales offset the anticipated decline from last year's Mac Direct exit. Exclusive of $14 million of impairment charges and exit costs incurred in the prior year, first quarter Industrial Tools operating margin was 9.5 percent vs. 4.1 percent in 2003, due to higher volume and carryover benefits of prior year restructuring.

Security Solutions sales increased 46 percent to $157 million. Excluding Blick plc and Frisco Bay Industries, acquired in the first quarter, Security Solutions

organic sales increased 15 percent to $124 million, on exceptional strength in the supply and service of automatic commercial door systems in Access Technologies. Operating margin increased to 18.4 percent versus 15.3 percent last year, due to higher sales volumes and the impacts of including higher-margin acquired businesses.

Operating cash flows were $52 million in both the first quarters of 2004 and 2003, as working capital levels were closely managed during this period of strong sales volume growth. Free cash flows before dividends (cash from operations less capital expenditures) were $44 million in the first quarters of both years, reflecting the cash flow from operations and continued effective management of capital expenditures.

Management also updated earnings estimates for 2004, projecting total sales growth of approximately 20 percent and organic sales growth, aside from the effects of acquisition and divestiture activity, of approximately 10-12 percent in the second quarter of 2004. For the full year 2004, total sales growth of approximately 17 percent, including organic sales growth of approximately 10 percent, are projected.

The company experienced a significant impact from broadly-publicized and unprecedented levels of commodity price inflation (particularly steel) in the first quarter and is actively pursuing price increases across all channels. Such efforts are gaining acceptance, but with traditional timing impacts. Steel cost increases will have a more substantial impact in the second quarter and beyond, while offsetting price increases will phase in over the second and subsequent quarters.

Based on these sales and material cost inflation outlooks, the company expects second quarter 2004 earnings from continuing operations to approximate 63-67 cents per fully diluted share, versus 11 cents earned last year, and up 30-40 percent over 48 cents per share earned last year from continuing operations on a basis excluding charges.

Full year 2004 earnings from continuing operations are expected to approximate $2.75-$2.85 per fully diluted share versus $1.14 earned last year, and up 30-35 percent over $2.10 per share earned from continuing operations last year on a basis excluding charges. The company expects full year 2004 free cash flow to approximate $250 - $300 million.

The company has scheduled a conference call with investors for 11am EDT this morning to discuss the information in this release. The call is accessible by telephone at (800) 267-8424 and via the Internet at www.stanleyworks.com by selecting "Investor Relations". A replay will also be available two hours after the call and can be accessed at 800-642-1687 by entering the conference identification number 4970276.

Prior-year reported earnings within this release were supplemented with related amounts and percentages that excluded restructuring costs, impairment charges and other exit costs. Management believes these supplemental financial measures provide useful information by removing the effect of variances in reported

results that, at that time, were not indicative of fundamental changes in the company's earnings capacity. A full reconciliation with reported amounts is included on page 10.

The Stanley Works, an S&P 500 company, is a worldwide supplier of consumer products, industrial tools and security solutions for professional, industrial and consumer use. More information about The Stanley Works can be found at http://www.stanleyworks.com.

Contact: Gerry Gould, V. P. - Investor Relations
(860) 827-3833 or ggould@stanleyworks.com

The Stanley Works corporate press releases are available on the company's Internet web site at http://www.stanleyworks.com.

CAUTIONARY STATEMENTS

Under the Private Securities Litigation Reform Act of 1995

Statements in the company's press releases attached to this Current Report on Form 8-K regarding the company's ability to (i) achieve its short-term de-leveraging objectives and position itself to capitalize on further growth opportunities over the longer term; (ii) achieve total sales growth of approximately 20 percent and organic sales growth, aside from the effects of acquisition and divestiture activity, of approximately 10-12 percent in the second quarter of 2004; (iii) achieve full year 2004 total sales growth of approximately 17 percent, including organic sales growth of approximately 10 percent; (iv) pursue and achieve price increases across all channels; (v) achieve second quarter 2004 earnings from continuing operations of approximately 63-67 cents per fully diluted share; (vi) achieve full year 2004 earnings from continuing operations of approximately $2.75-$2.85 per fully diluted share; and (vii) achieve full year 2004 free cash flow of approximately $250 to $300 million are forward looking and inherently subject to risk and uncertainty.

The company's ability to deliver the results as described above (the "Results") 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.

The company's ability to deliver the Results is dependent upon (i) the success of the company in integrating its recently completed acquisitions; (ii) the success of the company's efforts to raise prices in order to, among other things, offset the impact of steel and other commodity and material price inflation; (iii) the success of the company's efforts to reduce its workforce and close certain facilities, including the resolution of any labor issues related to such activities, the need to respond to significant changes in product demand while any facility consolidation is in process and other

unforeseen events; (iv) continued improvements in productivity and cost reductions; (v) the continued improvement in the payment terms under which the company buys and sells goods, materials and products; (vi) continued access to capital markets and (vii) the recovery of sales volume attributable to the company's sale of its residential entry doors business.

The company's ability to deliver the Results is also dependent upon (i) the continued success of the company's marketing and sales efforts, including the company's ability to recruit and retain an adequate sales force; (ii) the continued success of The Home Depot and Wal-Mart sales initiatives as well as other programs to stimulate demand for company products; (iii) the success of recruiting programs and other efforts to maintain or expand overall Mac Tools truck count versus prior years; (iv) the ability of the sales force to adapt to changes made in the sales organization and achieve adequate customer coverage; (v) the ability of the company to fulfill increasing demand for its products; (vi) the ability to continue successfully managing and defending claims and litigation; and (vii) the absence of increased pricing pressures from customers and competitors and the ability to defend market share in the face of price competition.

The company's ability to achieve the Results will also be affected by external factors. These external factors will also include pricing pressure and other changes within competitive markets, the continued consolidation of customers in consumer channels, inventory management pressures on the company's customers, increasing competition, changes in trade, monetary, tax and fiscal policies and laws, changes in steel and other commodities and materials, inflation, 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. Economy and the impact of events that cause or may cause disruption in the company's distribution and sales networks such as war, terrorist activities, political unrest and recessionary or expansive trends in the economies of the world in which the company operates.

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.

THE STANLEY WORKS AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF OPERATIONS
(Unaudited, Millions of Dollars Except Per Share Amounts)

	First Quarter	
	2004	2003
NET SALES	$ 778.6	$ 632.2
COSTS AND EXPENSES		
Cost of sales	499.2	418.8
Selling, general and administrative	172.5	167.8
Interest - net	8.0	7.8
Other - net	14.1	7.4
Restructuring charges	-	3.1
	693.8	604.9
EARNINGS FROM CONTINUING OPERATIONS BEFORE INCOME TAXES	84.8	27.3
Income taxes	26.3	8.3
NET EARNINGS FROM CONTINUING OPERATIONS	58.5	19.0
Earnings from discontinued operations (including gain on disposal of $147.2 million) before income taxes	142.6	0.2
Income taxes on discontinued operations	47.6	-
NET EARNINGS FROM DISCONTINUED OPERATIONS	95.0	0.2
NET EARNINGS	$ 153.5	$ 19.2
BASIC EARNINGS PER SHARE OF COMMON STOCK		
Continuing operations	$ 0.72	$ 0.22
Discontinued operations	1.16	$ -
TOTAL basic earnings per share of common stock	$ 1.88	$ 0.22
DILUTED EARNINGS PER SHARE OF COMMON STOCK		

Continuing operations	$ 0.70	$ 0.22
Discontinued Operations	1.14	-
TOTAL diluted earnings per share of common stock	$ 1.84	$ 0.22
DIVIDENDS PER SHARE	$ 0.26	$ 0.26
AVERAGE SHARES OUTSTANDING (in thousands)		
Basic	81,628	87,815
Diluted	83,392	88,478

THE STANLEY WORKS AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
(Unaudited, Millions of Dollars)

	April 3, 2004	January 3, 2004
ASSETS		
Cash and cash equivalents	$ 192.5	$ 204.4
Accounts receivable	572.9	482.4
Inventories	397.7	377.1
Other current assets	107.1	98.9
Assets held for sale	5.0	37.9
TOTAL current assets	1,275.2	1,200.7
Property, plant and equipment	421.5	413.3
Goodwill and other intangibles	876.2	643.3
Other assets	205.3	166.5
	$ 2,778.2	$ 2,423.8
LIABILITIES AND SHAREOWNERS' EQUITY		
Short-term borrowings	$ 240.1	$ 157.7
Accounts payable	281.3	240.2
Accrued expenses	418.8	326.4
Liabilities held for sale	-	29.2
TOTAL current liabilities	940.2	753.5
Long-term debt	547.3	534.5
Other long-term liabilities	286.6	277.2
Shareowners' equity	1,004.1	858.6
	$ 2,778.2	$ 2,423.8

THE STANLEY WORKS AND SUBSIDIARIES
SUMMARY OF CASH FLOW ACTIVITY
(Unaudited, Millions of Dollars)

	First Quarter 2004	First Quarter 2003
OPERATING ACTIVITIES		
Net earnings	$153.5	$ 19.2
Depreciation and amortization	23.0	22.6
Restructuring charge	-	3.1
Changes in working capital	(15.9)	(20.5)
Other	(108.5)	27.3
Net cash provided by operating activities	52.1	51.7
INVESTING AND FINANCING ACTIVITIES		
Capital and software expenditures	(8.2)	(7.5)
Proceeds from sale of business	161.9	-
Business acquisitions, net	(250.1)	(16.4)
Cash dividends on common stock	(21.2)	(22.2)
Other	53.6	28.7
Net cash used in investing activities	(64.0)	(17.4)
Increase (Decrease) in Cash and Cash Equivalents	(11.9)	34.3
Cash and Cash Equivalents, Beginning of Period	204.4	121.7
Cash and Cash Equivalents, End of Period	$192.5	$156.0
Free Cash Flow Computation		
Operating cash flow	$ 52.1	$ 51.7
Less: capital and software expenditures	(8.2)	(7.5)
Free cash flow from operations (before dividends)	$ 43.9	$ 44.2

Free cash flow is defined as cash flow from operations less capital investments; the company believes this is an important measure of its liquidity, as well as its ability to fund future growth and to provide a return to the shareowners.

THE STANLEY WORKS AND SUBSIDIARIES
BUSINESS SEGMENT INFORMATION
(Unaudited, Millions of Dollars)

	First Quarter 2004	First Quarter 2003
BUSINESS SEGMENTS		
Net Sales		
Consumer products	$ 306.0	$ 253.2
Industrial tools	316.0	271.5
Security Solutions	156.6	107.5
Consolidated	$ 778.6	$ 632.2
Operating Profit (Loss)		
Consumer products	$ 48.0	$ 31.8
Industrial tools	30.1	(2.7)
Security Solutions	28.8	16.5
Consolidated	$ 106.9	$ 45.6

Assets	April 3, 2004	January 3, 2004
Consumer products	$ 804.3	$ 792.5
Industrial tools	879.0	814.5
Security Solutions	877.6	554.4
Discontinued operations	-	33.0
Corporate assets	217.3	229.4
Consolidated	$ 2,778.2	$ 2,423.8

THE STANLEY WORKS AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF OPERATIONS AND BUSINESS SEGMENT INFORMATION
RECONCILIATION TO GAAP EARNINGS
FIRST QUARTER 2004 vs. 2003
(Unaudited, Millions of Dollars Except Per Share Amounts)

	2004			
	Pro-forma Excludes Charges, Includes Discontinued Operations	Discontinued Operations	Charges	Reported
Net sales	$ 804.6	$ 26.0	$ -	$ 778.6
Cost of sales	520.9	21.7	-	499.2
Gross Margin	283.7	4.3	-	279.4
	35.3%			35.9%
Selling, general and administrative	176.8	4.3	-	172.5
	22.0%			22.2%
Subtotal	106.9	-	-	106.9
	13.3%			13.7%
Interest, net	8.1	0.1	-	8.0
Other, net	(128.6)	(142.7)	-	14.1
Restructuring and asset impairment charges	-	-	-	-
Earnings from continuing operations before income taxes	227.4	142.6	-	84.8
Income taxes	73.9	47.6	-	26.3
	32.5%			31.0%
Net earnings from continuing operations	$ 153.5	$ 95.0	$ -	$ 58.5
Earnings from discontinued operations	-	(142.6)	-	142.6
Income taxes on discontinued operations	-	(47.6)	-	47.6
Net earnings from discontinued operations	-	(95.0)	-	95.0

Net earnings	$ 153.5	$ -	$ -	$ 153.5

Average shares outstanding (diluted, in thousands)	83,392	83,392	83,392	83,392
Earnings per share (diluted)	$ 1.84	$ -	$ -	$ 1.84
BUSINESS SEGMENTS				
Net Sales				
Consumer	$ 332.0	$ 26.0	$ -	$ 306.0
Industrial	316.0	-	-	316.0
Security Solutions	156.6	-	-	156.6
Consolidated	$ 804.6	$ 26.0	$ -	$ 778.6
Subtotal				
Consumer	$ 48.0	$ -	$ -	$ 48.0
Industrial	30.1	-	-	30.1
Security Solutions	28.8	-	-	28.8
Consolidated	$ 106.9	$ -	$ -	$ 106.9
Interest, net	8.1	0.1	-	8.0
Other, net	(128.6)	(142.7)	-	14.1
Restructuring and asset impairment charges	-	-	-	-
Net earnings from continuing operations before income taxes	$ 227.4	$ 142.6	$ -	$ 84.8

THE STANLEY WORKS AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF OPERATIONS AND BUSINESS SEGMENT INFORMATION
RECONCILIATION TO GAAP EARNINGS
FIRST QUARTER 2004 vs. 2003
(Unaudited, Millions of Dollars Except Per Share Amounts)

	2003			
	Pro-forma Excludes Charges, Includes Discontinued Operations	Discontinued Operations	Charges	Reported
Net sales	$ 666.2	$ 34.0	$ -	$ 632.2
Cost of sales	444.1	28.9	3.6	418.8
Gross Margin	222.1	5.1	(3.6)	213.4
	33.3%			33.8%
Selling, general and administrative	162.2	4.6	10.2	167.8
	24.3%			26.5%
Subtotal	59.9	0.5	(13.8)	45.6
	9.0%			7.2%
Interest, net	7.9	0.1	-	7.8
Other, net	7.6	0.2	-	7.4
Restructuring and asset impairment charges	-	-	3.1	3.1
Earnings from continuing operations before income taxes	44.4	0.2	(16.9)	27.3
Income taxes	13.5	-	(5.2)	8.3
	30.4%			30.4%
Net earnings from continuing operations	$ 30.9	$ 0.2	$ (11.7)	$ 19.0
Earnings from discontinued operations	-	(0.2)	-	0.2
Income taxes on discontinued operations	-	-	-	-
Net earnings from discontinued Operations	-	(0.2)	-	0.2
Net earnings	$ 30.9	$ -	$ (11.7)	$ 19.2

Average shares outstanding (diluted, in thousands)	88,478	88,478	88,478	88,478
Earnings per share (diluted)	$ 0.35	$ -	$ (0.13)	$ 0.22
BUSINESS SEGMENTS				
Net Sales				
Consumer	$ 287.2	$ 34.0	$ -	$ 253.2
Industrial	271.5	-	-	271.5
Security Solutions	107.5	-	-	107.5
Consolidated	$ 666.2	$ 34.0	$ -	$ 632.2
Subtotal				
Consumer	$ 32.3	$ 0.5	$ -	$ 31.8
Industrial	11.1	-	(13.8)	(2.7)
Security Solutions	16.5	-	-	16.5
Consolidated	$ 59.9	$ 0.5	$ (13.8)	$ 45.6
Interest, net	7.9	0.1	-	7.8
Other, net	7.6	0.2	-	7.4
Restructuring and asset impairment charges	-	-	3.1	3.1
Net earnings from continuing operations before income taxes	$ 44.4	$ 0.2	$ (16.9)	$ 27.3

(a) Changes in previously reported amounts are due to reclassifications related to the discontinued operations of the entry door business.

THE STANLEY WORKS AND SUBSIDIARIES
BUSINESS SEGMENT TRENDS
(Unaudited, Millions of Dollars)

Net	Reported Operating	Charges	Operating Profit Excluding Charges

	Sales	Profit	(a)	$	%
First Quarter 2003					
Consumer products	$ 253.2	$ 31.8	$ -	$ 31.8	12.6%
Industrial tools	271.5	(2.7)	13.8	11.1	4.1
Security Solutions	107.5	16.5	-	16.5	15.3
Consolidated	$ 632.2	$ 45.6	$ 13.8	$ 59.4	9.4%
Second Quarter 2003					
Consumer products	$ 259.7	$ 27.6	$ 3.5	$ 31.1	12.0%
Industrial tools	276.4	1.7	18.3	20.0	7.2
Security Solutions	116.5	22.1	1.2	23.3	20.0
Consolidated	$ 652.6	$ 51.4	$ 23.0	$ 74.4	11.4%
Third Quarter 2003					
Consumer products	$ 278.5	$ 39.3	$ -	$ 39.3	14.1%
Industrial tools	264.4	18.7	0.4	19.1	7.2
Security Solutions	122.7	25.9	-	25.9	21.1
Consolidated	$ 665.6	$ 83.9	$ 0.4	$ 84.3	12.7%
Fourth Quarter 2003					
Consumer products	$ 315.4	$ 46.6	$ 0.1	$ 46.7	14.8%
Industrial tools	285.3	7.2	19.4	26.6	9.3
Security Solutions	127.0	20.3	0.1	20.4	16.1
Consolidated	$ 727.7	$ 74.1	$ 19.6	$ 93.7	12.9%

Full Year 2003					
Consumer products	$ 1,106.8	$ 145.3	$ 3.6	$ 148.9	13.5%
Industrial tools	1,097.6	24.9	51.9	76.8	7.0
Security Solutions	473.7	84.8	1.3	86.1	18.2
Consolidated	$ 2,678.1	$ 255.0	$ 56.8	$ 311.8	11.6%
First Quarter 2004					
Consumer products	$ 306.0	$ 48.0	$ -	$ 48.0	15.7%
Industrial tools	316.0	30.1	-	30.1	9.5
Security Solutions	156.6	28.8	-	28.8	18.4
Consolidated	$ 778.6	$ 106.9	$ -	$ 106.9	13.7%

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In the first quarter of 2004 the company changed its segments to align with recent changes in its portfolio of businesses. The Consumer Products segment includes the hand tools, consumer mechanics tools and storage, hardware and home decor businesses. Industrial Tools is comprised of Mac Tools, the Proto mechanics tools business, fastening systems, storage systems (Vidmar), specialty tools, assembly technologies, hydraulic tools and CST Berger. The Security Solutions segment includes newly acquired Blick and Frisco Bay, along with Best Access and access technologies.

(a) The company incurred charges in 2003 pertaining to the exit of the Mac Direct retail channel, closure of a U.S. distribution facility and other exit activities, as well as compensation and benefit costs associated with the former CEO's retirement.