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 December 31, 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 1, 2016, the aggregate market values of voting common equity held by non-affiliates of the registrant was $16.9 billion based on the New York Stock Exchange closing price for such shares on that date. On February 1, 2017, the registrant had 152,584,499 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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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 2016 consolidated annual revenues of $11.4 billion. The Company continues 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 also remains focused on organic growth, including increasing its presence in emerging markets, with a goal of generating greater than 20% of annual revenues from those markets over time, and leveraging the Stanley Fulfillment System ("SFS"), a now expanded program ("SFS 2.0") focused on upgrading innovation and digital capabilities while maintaining commercial and supply chain excellence, and funding required investments, in part, through functional transformation. In 2016, approximately 52% of the Company's annual revenues were generated in the United States, with the remainder largely from Europe (23%), emerging markets (16%) and Canada (4%).

Execution of the Company's strategy has resulted in approximately $6.3 billion of acquisitions since 2002 (excluding the Black & Decker merger and recently announced acquisitions discussed below), enabled by cash flow generation and increased debt capacity. This strategy is further exemplified by the Company's recently announced pending acquisitions of the Tools business of Newell Brands ("Newell Tools") and the Craftsman® brand. In October 2016, the Company announced an agreement to acquire Newell Tools, which includes the highly attractive industrial cutting, hand tool and power tool accessory brands Irwin® and Lenox®, for $1.95 billion in cash. The acquisition, which is expected to close in the first quarter of 2017, will significantly increase the power tool accessories business and expand the Company's footprint in the plumbing and electrical channels. In January 2017, the Company announced an agreement to purchase the Craftsman brand from Sears Holdings for total expected cash payments of approximately $900 million on a discounted basis. The acquisition, which is expected to close in 2017, grants the Company the rights to develop, manufacture and sell Craftsman®-branded products in non-Sears Holdings channels. Refer to *Note E, Acquisitions,* of the *Notes to Consolidated Financial Statements* in *Item 8* for further discussion.

Furthermore, in December 2016, the Company announced that it had reached an agreement to sell the majority of its mechanical security businesses to Dormakaba for $725 million in cash. The sale, which is expected to close in the first quarter of 2017, will allow the Company to deploy capital in a more accretive and growth-oriented manner. The Company concurrently announced its intent to retain its commercial electronic security and automatic doors businesses. The Company has also divested several smaller businesses in recent years that did not fit into its long-term strategic objectives. Refer to *Note T, Divestitures*, of the *Notes to Consolidated Financial Statements* in *Item 8* for further discussion.

At December 31, 2016, the Company employed 54,023 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, Accessories & Storage ("HTAS") 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 $7.5 billion in 2016, representing 66% of the Company's total revenues.

The Power Tools business includes both professional and consumer products. 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.

The HTAS business sells measuring, leveling and layout tools, planes, hammers, demolition tools, knives, saws, chisels and industrial and automotive tools. Power tool accessories include drill bits, router bits, abrasives and saw blades. 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 2016, representing 18% 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 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 $1.8 billion in 2016, representing 16% 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. and international home centers and mass merchants declined from approximately 31% of total sales in 2010 to approximately 28% in 2016.

Working Capital

The Company continues to practice the core operating principles encompassed by core SFS, which is a subset of the SFS 2.0 business system. Core SFS contains five core operating principles which work in concert: sales and operations planning ("S&OP"), 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. The core SFS principles are instrumental in the reduction of working capital as evidenced by the 80% improvement in the Company's working capital turns from 5.9 at the end of 2010 (directly after the Merger) to 10.6 at the end of 2016. The continued efforts to deploy SFS across the entire Company and increase working capital turns have created significant opportunities to generate incremental free cash flow (defined as cash flow from operations less capital and software expenditures). The Company plans to continue leveraging 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 long-term goal of sustaining 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 generally 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 4, 2017, the Company had approximately $838 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 February 6, 2016 and January 31, 2015, unfilled orders amounted to $783 million and $888 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 Company's 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®, DEWALT FLEXVOLT™, Porter-Cable®, BOSTITCH®, FatMax®, Powers®, Guaranteed Tough®, Innerspace®, MAC®, MAC Tools®, Proto®, Vidmar®, Facom®, USAG™, DIYZ®, Lista®, and the yellow & black color scheme for power tools and accessories. The recently announced acquisitions of Newell Tools and Craftsman® will further bolster the Tools & Storage portfolio with the addition of the Irwin®, Lenox® and Craftsman® brands. The Security segment includes significant trademarks such as STANLEY®, BEST®, Blick™, HSM®, Sargent & Greenleaf®, S&G®, SONITROL®, Stanley Access Technologies™, AeroScout®, Hugs®, WanderGuard®, Roam Alert®, MyCall®, Arial® and Bed-Check®. 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 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 December 31, 2016 and January 2, 2016, the Company had reserves of $160.9 million and $170.7 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 2016 amount, $18.9 million is classified as current and $142.0 million as long-term, which is expected to be paid over the estimated remediation period. As of December 31, 2016, the Company has recorded $13.2 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 December 31, 2016 associated with the aforementioned remediation activities is $147.7 million. The range of environmental remediation costs that is reasonably possible is $128.3 million to $267.1 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 December 31, 2016, the Company had 54,023 employees, 13,958 of whom are employed in the U.S. Employees in the U.S. totaling 1,111 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 2017 and 2021. 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 $204.4 million, $188.0 million and $174.6 million for fiscal years 2016, 2015 and 2014, 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 2016. However, the two largest customers comprised approximately 19% of net sales, with U.S. and international mass merchants and home centers collectively comprising approximately 28% 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 net 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 core SFS principles 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 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 have a reputation for quality and value and are important to the Company's 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 from (including importation into the U.S. of our products manufactured overseas) 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. Furthermore, imported products and materials may be subject to future border adjustment taxes or tariffs in the U.S. 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 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 the Company's products and make it difficult or impossible to manufacture products, deliver products to customers, or 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, and 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 48% of its revenues from outside the U.S., including 23% 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, Brexit, 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 2016, translational and transactional foreign currency fluctuations negatively impacted pre-tax earnings by approximately $155 million and diluted earnings per share by approximately $0.82. 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 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 a five-year $1.75 billion committed credit facility. No amounts were outstanding against this facility at December 31, 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 interest coverage ratio must not be less than 3.5 times and is computed quarterly, on a rolling twelve months (last twelve months) basis. Under this covenant definition, the interest coverage ratio was 10 times EBITDA or higher in each of the 2016 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.

In addition to a number of smaller acquisitions completed in recent years, the Company has also entered into definitive agreements in October 2016 and January 2017 to acquire Newell Tools and the Craftsman brand, respectively. 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 time frames 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 the pending acquisitions and any future acquisitions or 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 $6,694.0 million of goodwill, $1,508.5 million of indefinite-lived trade names and $791.0 million of net definite-lived intangible assets at December 31, 2016. These amounts exclude approximately $302.8 million of goodwill, $65.2 million of an indefinite-lived trade name and $31.8 million of net definite-lived intangibles that are classified within Assets held for sale on the Consolidated Balance Sheets at December 31, 2016. Refer to *Note T, Divestitures*, for further discussion. 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 asset. The definite-lived intangible assets, including customer relationships, are amortized over their estimated useful lives and are 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 2016, the Company made cash contributions to its defined benefit plans of $57 million and it expects to contribute $66 million to its defined benefit plans in 2017.

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 December 31, 2016 was $2.082 billion.

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 December 31, 2016, the Company and its subsidiaries owned or leased significant facilities used for manufacturing, distribution and sales offices in 19 states and 17 foreign countries. The Company leases its corporate headquarters in New Britain, Connecticut. The Company has 79 other facilities that are larger than 100,000 square feet. These facilities are broken out by segment as follows:

	Owned	Leased	Total
Tools & Storage	41	17	58
Security	5	3	8
Industrial	9	4	13
Total	55	24	79

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.

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 December 31, 2016 and January 2, 2016 follow:

	2016			2015		
	High	**Low**	**Dividend Per Common Share**	**High**	**Low**	**Dividend Per Common Share**
QUARTER:						
First	**$ 106.64**	**$ 90.14**	**$ 0.55**	$ 100.17	$ 90.51	$ 0.52
Second	**$ 115.05**	**$ 104.24**	**$ 0.55**	$ 107.71	$ 95.93	$ 0.52
Third	**$ 124.46**	**$ 111.40**	**$ 0.58**	$ 108.17	$ 94.66	$ 0.55
Fourth	**$ 125.78**	**$ 113.49**	**$ 0.58**	$ 110.17	$ 98.15	$ 0.55
Total			**$ 2.26**			$ 2.14

As of February 1, 2017, there were 10,317 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 December 31, 2016:

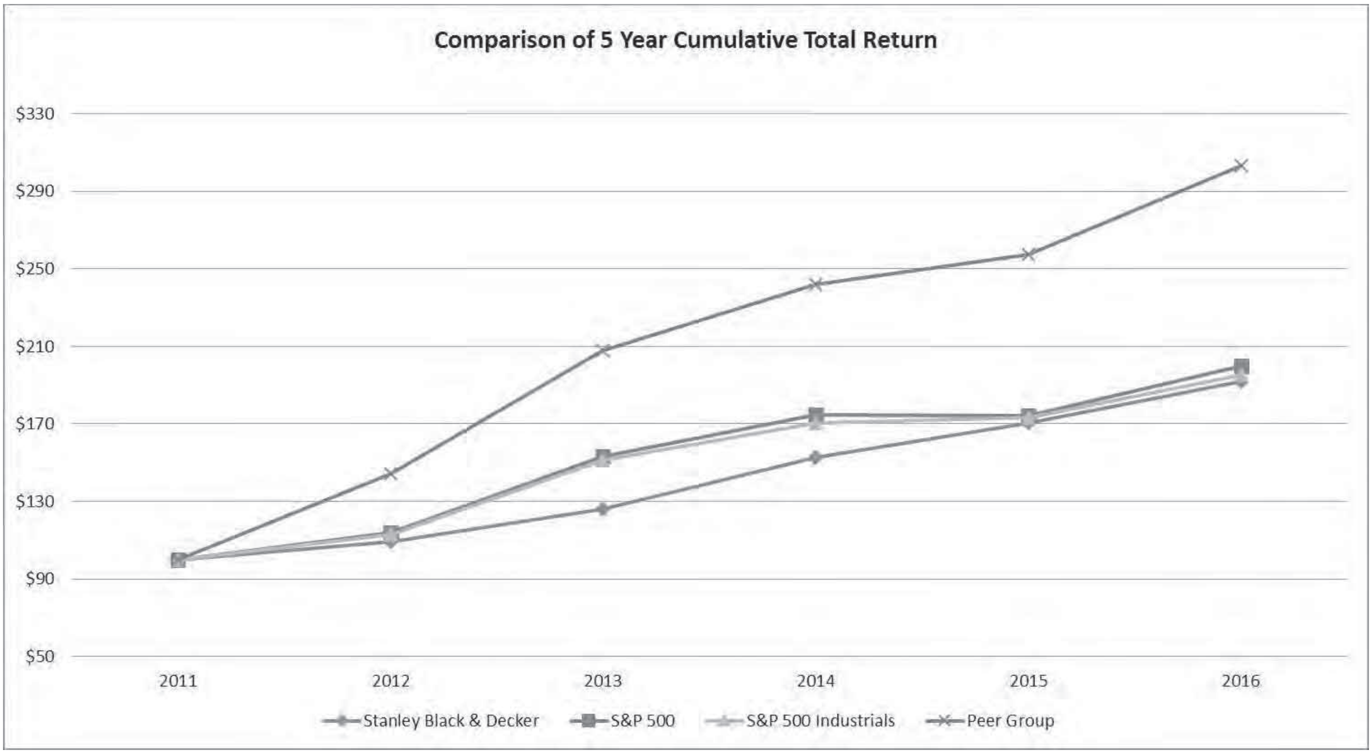
2016	(a) Total Number Of Shares Purchased	Average Price Paid Per Share	Total Number Of Shares Purchased As Part Of A Publicly Announced Plan or Program	(b) Maximum Number Of Shares That May Yet Be Purchased Under The Program
October 2 - November 5	1,911,039	$ 95.85	—	10,100,000
November 6 - December 3	122,305	$ 120.89	—	10,000,000
December 4 - December 31	84,922	$ 118.86	—	10,000,000
Total	2,118,266	$ 98.22	—	10,000,000

(a) In October and November 2016, the Company net-share settled capped call options on its common stock and received 295,929 and 122,305 shares, respectively, using an average reference price of $117.84 per common share. Additionally, in October 2016, the Company physically settled its forward share repurchase contract entered into in October 2014, receiving 1,603,822 shares for a settlement amount of $147.4 million. The remaining 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.

(b) On July 23, 2014, the Board of Directors approved a repurchase of up to 25 million shares of the Company's common stock. As of December 31, 2016, the remaining authorized shares for repurchase is 10.0 million shares. Furthermore, approximately 3.6 million shares are reserved for purchase in connection with the forward share purchase contract entered into in March 2015, which 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 April 2019 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.

Stock Performance Graph

The following line graph compares the yearly percentage change in the Company's cumulative total shareholder return for the last five years to that of the Standard & Poor's (S&P) 500 Index and the S&P 500 Industrials Index. Also included below is a reference to the Company's Peer Group used in prior years. The Company has decided that the use of the S&P 500 Industrials Index, which is utilized by a number of the Company's industrial peers for the purpose of this disclosure, is a better comparative index than the prior Peer Group which only consisted of eight companies and requires adjustment from time to time due to acquisitions and divestitures.



THE POINTS IN THE ABOVE TABLE ARE AS FOLLOWS:	2011	2012	2013	2014	2015	2016
Stanley Black & Decker	**$ 100.00**	**$ 109.44**	**$ 126.08**	**$ 152.90**	**$ 170.51**	**$ 192.05**
S&P 500	$ 100.00	$ 114.06	$ 152.95	$ 174.51	$ 174.28	$ 199.78
S&P 500 Industrials	$ 100.00	$ 112.79	$ 151.30	$ 170.59	$ 173.08	$ 195.25
Peer Group	$ 100.00	$ 144.18	$ 207.65	$ 241.71	$ 257.33	$ 302.93

The comparison assumes $100 invested at the closing price on December 31, 2011 in the Company's common stock, S&P 500 Index, S&P 500 Industrials Index and the Company's Peer Group. Total return assumes reinvestment of dividends. The Peer Group consists of the following eight companies: Eaton Corporation plc, Danaher Corporation, Illinois Tool Works, Inc., Ingersoll-Rand Company, Masco Corporation, Newell Brands, 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.

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)	2016	2015	2014	2013 (a)	2012 (b)
Continuing Operations:					
Net sales	**$ 11,407**	$ 11,172	$ 11,339	$ 10,890	$ 10,022
Net earnings from continuing operations attributable to common shareowners	**$ 965**	$ 904	$ 857	$ 520	$ 458
Net (loss) earnings from discontinued operations (c)	**$ —**	$ (20)	$ (96)	$ (30)	$ 426
Net earnings attributable to common shareowners	**$ 965**	$ 884	$ 761	$ 490	$ 884
Basic earnings (loss) per share:					
Continuing operations	**$ 6.61**	$ 6.10	$ 5.49	$ 3.35	$ 2.81
Discontinued operations (c)	**$ —**	$ (0.14)	$ (0.62)	$ (0.19)	$ 2.61
Total basic earnings per share	**$ 6.61**	$ 5.96	$ 4.87	$ 3.16	$ 5.41
Diluted earnings (loss) per share:					
Continuing operations	**$ 6.51**	$ 5.92	$ 5.37	$ 3.28	$ 2.75
Discontinued operations (c)	**$ —**	$ (0.13)	$ (0.60)	$ (0.19)	$ 2.55
Total diluted earnings per share	**$ 6.51**	$ 5.79	$ 4.76	$ 3.09	$ 5.30
Percent of net sales (Continuing operations):					
Cost of sales	**62.6%**	63.6%	63.8%	64.2%	63.5%
Selling, general and administrative (d)	**23.0%**	22.3%	22.9%	24.7%	24.7%
Other-net	**1.7%**	2.0%	2.1%	2.6%	3.0%
Interest, net	**1.5%**	1.5%	1.4%	1.4%	1.3%
Earnings before income taxes	**10.7%**	10.3%	9.6%	5.4%	5.3%
Net earnings from continuing operations attributable to common shareowners	**8.5%**	8.1%	7.6%	4.8%	4.6%
Balance sheet data:					
Total assets (e)	**$ 15,635**	$ 15,128	$ 15,803	$ 16,486	$ 15,805
Long-term debt (e)	**$ 3,815**	$ 3,792	$ 3,794	$ 3,750	$ 3,488
Stanley Black & Decker, Inc.'s shareowners' equity	**$ 6,367**	$ 5,812	$ 6,429	$ 6,799	$ 6,667
Ratios:					
Total debt to total capital	**37.5%**	39.5%	37.2%	37.9%	34.4%
Income tax rate - continuing operations	**21.3%**	21.6%	20.9%	11.7%	14.2%
Common stock data:					
Dividends per share	**$ 2.26**	$ 2.14	$ 2.04	$ 1.98	$ 1.80
Equity per share at year-end	**$ 42.76**	$ 39.08	$ 41.34	$ 43.73	$ 43.19
Market price per share - high	**$ 125.78**	$ 110.17	$ 97.36	$ 92.36	$ 81.34
Market price per share - low	**$ 90.14**	$ 90.51	$ 75.64	$ 73.97	$ 59.25
Average shares outstanding (in 000's):					
Basic	**146,041**	148,234	156,090	155,237	163,067
Diluted	**148,207**	152,706	159,737	158,776	166,701
Other information:					
Average number of employees	**53,231**	51,815	50,375	49,445	45,327
Shareowners of record at end of year	**10,313**	10,603	10,932	11,235	11,285

(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) 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, Hardware & Home Improvement business ("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, Divestitures*, of the *Notes to Consolidated Financial Statements* in *Item 8* for further discussion.

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

(e) In the first quarter of 2016, the Company adopted ASU 2015-03, *Interest - Imputation of Interest (Subtopic 835-30): Simplifying the Presentation of Debt Issuance Costs.* ASU 2015-03 requires debt issuance costs related to recognized debt liabilities to be presented in the balance sheet as a direct reduction from the debt liability rather than an asset. Accordingly, amounts reported in prior years have been reclassified to conform to the 2016 presentation.

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:

- Continue organic growth momentum by utilizing the Stanley Fulfillment System ("SFS"), a now expanded program ("SFS 2.0") as a catalyst, diversifying toward higher growth, higher margin businesses, and increasing the relative weighting of emerging markets;
- Be selective and operate in markets where brand is meaningful, the value proposition is definable and sustainable through innovation and global cost leadership is achievable; and
- Pursue acquisitive growth on multiple fronts by building upon its existing global tools platform, expanding the Industrial platform in Engineered Fastening and Infrastructure, and consolidating the commercial electronic security industry.

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 also remains 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 over time, and leveraging SFS 2.0 focused on upgrading innovation and digital capabilities while maintaining commercial and supply chain excellence, and funding required investments, in part, through functional transformation. Strategic acquisitions, combined with strong organic growth performance, will help enable the Company to reach its objective of doubling its size to $22 billion in revenue by 2022 while expanding the margin rate. Furthermore, the Company's strategic framework, including its focus on diversification, has driven continued improvements in financial performance. Sales outside the U.S. represented 48% of total net sales in 2016, up from 29% in 2002, while sales to U.S. and international home centers and mass merchants have decreased to 28% of total sales in 2016 compared to 31% in 2010.

Execution of the above strategy has resulted in approximately $6.3 billion of acquisitions since 2002 (excluding the Black & Decker merger and recently announced acquisitions discussed below), several divestitures, improved efficiency in the supply chain and manufacturing operations, and enhanced investments in organic growth, enabled by cash flow generation and increased debt capacity.

The Company's long-term financial objectives are as follows:

- 4-6% organic revenue growth;
- 10-12% total revenue growth;
- 10-12% earnings per share growth including acquisitions (6-8% organic earnings per share growth);
- Free cash flow equal to, or exceeding, net income; and
- Sustain 10+ working capital turns.

In terms of capital allocation, the Company remains committed, over time, 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.

The following represents recent examples of the Company executing its strategic objectives:

Pending Acquisitions of Newell Tools and Craftsman Brand

On October 12, 2016, the Company announced that it had entered into a definitive agreement to acquire the Tools business of Newell Brands ("Newell Tools"), which includes the highly attractive industrial cutting, hand tool and power tool accessory brands Irwin® and Lenox®, for $1.95 billion in cash. This acquisition will enhance the Company's position within the global tools & storage industry and broadens the Company's product offerings and solutions to customers and end-users, particularly within power tool accessories. The acquisition of Newell Tools is expected to be approximately $0.20 to $0.25 accretive to the Company's diluted earnings per share in 2017 (increasing to approximately $0.60 per diluted share by the third year), excluding approximately $125 to $140 million of restructuring and other deal related costs and approximately $40 million of non-cash inventory step-up charges, which in the aggregate will largely be incurred in the first two years. The transaction, which has received antitrust clearance under the Hart-Scott-Rodino Act in the U.S., is expected to close in the first quarter of 2017.

On January 5, 2017, the Company announced that it had entered into a definitive agreement to purchase the Craftsman® brand from Sears Holdings, which provides the Company with the rights to develop, manufacture and sell Craftsman®-branded products in non-Sears Holdings channels. The agreement consists of cash payments of $525 million at closing and $250 million at the end of year three, and future payments to Sears Holdings of between 2.5% and 3.5% on new Stanley Black & Decker sales of Craftsman® products through year 15. The Company plans to significantly increase the availability of Craftsman®-branded products to consumers in previously underpenetrated channels, enhance innovation, and add manufacturing jobs in the U.S. to support growth. The transaction is expected to be accretive to earnings, excluding charges, by approximately $0.10 to $0.15 per share in year one, increasing to approximately $0.35 to $0.45 by year five and to approximately $0.70 to $0.80 by year ten. The transaction, which is subject to customary closing conditions, including regulatory approvals, is expected to close during 2017.

Refer to *Note E, Acquisitions,* for further discussion of the Company's acquisitions.

Pending Sale of Majority of Mechanical Security Businesses

In December 2016, the Company announced the sale of the majority of its mechanical security businesses to Dormakaba for $725 million in cash. The sale, which includes the commercial hardware brands of Best Access, phi Precision and GMT, will allow the Company to sharpen its focus on the more strategically attractive commercial electronic security and automatic doors businesses, and to deploy capital in a more accretive and growth-oriented manner. This tax-efficient sale transaction is expected to generate net after-tax cash proceeds of approximately $700 million. The Company expects the 2017 diluted earnings per share impact of this transaction to be approximately $0.15 to $0.20 dilutive. The transaction is expected to close in the first quarter of 2017. The assets and liabilities expected to be included in the sale have been classified as held for sale on the Company's Consolidated Balance Sheets as of December 31, 2016.

Refer to *Note T, Divestitures,* for further discussion of the Company's divestitures.

Conclusion of Previously Announced Security Portfolio Assessment

Concurrent with the announcement of the sale above, the Company announced its intent to retain its commercial electronic security and automatic doors businesses. The commercial electronic security business, with its inherent linkage to the digital world, provides both a stable recurring revenue stream and an opportunity to develop and market high-value, high-growth customer solutions, while the automatic doors business represents an attractive growth opportunity for market expansion through both core and breakthrough innovation.

Driving Further Profitable Growth By Fully Leveraging Existing Franchises

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 highly engineered, 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.

While diversifying the business portfolio through strategic acquisitions remains important, management recognizes that the existing franchises described above are important foundations that continue to provide strong cash flow and growth prospects. Management is committed to growing these businesses through innovative product development via SFS 2.0, brand support via innovative and customer centric digital experience, continued investment in emerging markets and a sharp focus on global cost-competitiveness.

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®, DIYZ® 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. The recently announced acquisitions above will further bolster the Company's portfolio with the addition of the Irwin®, Lenox® and Craftsman® brands.

During 2016, the STANLEY® and DEWALT® brands had prominent signage at eight major league baseball stadiums and 27% of all Major League Baseball games. The Company has also maintained long-standing NASCAR and NHRA racing sponsorships, which provided brand exposure during 53 events in 2016. 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. Brand logos and/or products are featured in various attractions where they are seen by approximately 44 million visitors each year. 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 approximately 648 million people. Starting in 2014, the Company became a sponsor for one of the world's most popular football clubs, FC Barcelona, including player image rights, hospitality assets and stadium signage. The Company advertises in televised Professional Bull Riding events, as well as sponsoring 3 riders in '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 150 million fans per race and airing in over 200 countries, and the Monster Yamaha Tech3 team. The Company also has a partnership with the Chinese Basketball Association (CBA), the most popular sport in China with over 800 million fans. In 2016, STANLEY®, BLACK+DECKER® and DEWALT®, partnered with three of the fastest growing and thrilling extreme sports categories - BMX, Freeride Mountain Biking (MTB) and Skateboarding - supporting 18 athletes from grass-roots to professional level, to drive the Company's millennial marketing objectives.

The above marketing initiatives highlight the Company's strong emphasis on brand building and support, which has resulted in more than 200 billion brand impressions annually and a steady improvement across the spectrum of brand awareness measures. The Company will continue allocating its brand and advertising spend wisely to capture the emerging digital landscape, whilst continuing to evolve proven marketing programs.

The Stanley Fulfillment System and SFS 2.0

The core Stanley Fulfillment System ("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 also help to mitigate the impact of material and energy price inflation.

SFS is also instrumental in the reduction of working capital as evidenced by the 80% improvement in the Company's working capital turns from 5.9 at the end of 2010 (directly after the Merger) to 10.6 at the end of 2016, ahead of the Company's top-quartile goal of 10 turns. 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 its existing businesses and future acquisitions in working capital turns, cycle times, complexity reduction and customer service levels, with a long-term goal of sustaining 10+ working capital turns.

In late 2014, the Company 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. To that end, the Company 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 continues 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 by driving organic growth, improving margins and reaching new levels of innovation and digitization across the entire organization. The positive impacts of SFS 2.0 continued into 2016, as evidenced by the launch of the DEWALT FLEXVOLT™ battery system in June 2016. This new battery technology, which is the first major output of the SFS 2.0 Breakthrough Innovation initiative, changes voltages as the user changes tools allowing for 20V - 60V - 120V (when two batteries are combined) power all within the same battery system and is fully backward compatible with the Company's existing 20V line of cordless tools.

The Company has made 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.

SFS 2.0 is transforming 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 has yielded significant advances in improving working capital turns and free cash flow generation. The Company plans to continue leveraging the core SFS principles to further 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 almost a hundred 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 helping to fund 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. The Company's focus remains 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 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.

Outlook for 2017

This outlook discussion is intended to provide broad insight into the Company's near-term earnings and cash flow generation prospects. The Company expects 2017 diluted earnings per share to approximate \$6.85 to \$7.05 (excluding the estimated earnings per share impacts of the pending acquisitions and divestiture discussed previously), up approximately 7% at the mid-point compared to 2016, with free cash flow conversion, defined as free cash flow divided by net income, approximating 100%. The 2017 outlook assumes organic sales growth of 4% resulting in approximately \$0.45 to \$0.55 of diluted earnings per share accretion. The net impact of cost and productivity actions, partially offset by higher share count, is expected to result in approximately \$0.45 to \$0.50 of diluted earnings per share accretion. Commodity inflation, approximating \$50 to \$55 million, and foreign exchange headwinds, approximating \$50 million, are expected to negatively impact diluted earnings per share by \$0.50 to \$0.55. Core restructuring charges and the tax rate are expected to be relatively consistent with 2016 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 \$11.407 billion in 2016, up 2%, compared to \$11.172 billion in 2015. Organic sales volume and pricing provided increases of 3% and 1%, respectively, partially offset by a 2% decrease due to negative impacts from foreign currency. In the Tools & Storage segment, net sales increased 5% compared to 2015 due to strong organic growth of 7%, driven by solid growth across all regions, bolstered by the launch of the DEWALT FLEXVOLT™ battery system, partially offset by foreign currency pressures of 2%. Net sales in the Security segment were relatively flat compared to 2015 as organic growth of 1% and small bolt-on electronic acquisitions of 1% were offset by foreign currency headwinds of 2%. Industrial net sales declined 5% relative to 2015 primarily due to a 4% decrease in organic sales volume, which was mainly driven by weaker electronics volumes attributable to a major customer and pressured industrial volumes in the Engineered Fastening business as well as fewer off-shore pipeline projects and an ongoing difficult scrap steel market in the Infrastructure business. Excluding the impact of the electronics customer, the Industrial segment's organic growth was relatively flat in 2016.

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.

Gross Profit: The Company reported gross profit of \$4.267 billion, or 37.4% of net sales, in 2016 compared to \$4.072 billion, or 36.4% of net sales, in 2015. The increase in the profit rate reflects favorable impacts from price, productivity, cost actions and commodity deflation, which more than offset unfavorable foreign currency.

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.

SG&A Expense: Selling, general and administrative expenses, inclusive of the provision for doubtful accounts ("SG&A"), were $2.624 billion, or 23.0% of net sales, in 2016 compared to $2.486 billion, or 22.3% of net sales, in 2015. The increase in the SG&A rate was driven by investments in key SFS 2.0 initiatives moderated by continued tight management of costs.

SG&A expenses 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.

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 $235.6 million in 2016, $229.3 million in 2015 and $243.2 million in 2014.

Corporate Overhead: The corporate overhead element of SG&A and gross profit, which is not allocated to the business segments, amounted to $197.2 million in 2016, $164.0 million in 2015 and $177.4 million in 2014. The increase in 2016 compared to 2015 was primarily due to investments in SFS 2.0 initiatives and higher employee-related costs. The decrease in 2015 compared to 2014 reflects positive impacts from the Company's effort to reduce certain indirect expenses. Corporate overhead represented 1.7%, 1.5%, and 1.6% of net sales in 2016, 2015 and 2014, respectively.

Other-net: Other-net totaled $196.9 million in 2016, $222.0 million in 2015 and $239.6 million in 2014. The decrease in 2016 compared to 2015 was primarily driven by lower unfavorable impacts of foreign currency and lower amortization expense, partially offset by higher acquisition-related costs. The decrease in 2015 compared to 2014 was primarily driven by lower amortization expense partially offset by negative impacts of foreign currency.

Interest, net: Net interest expense in 2016 was $171.3 million compared to $165.2 million in 2015 and $163.6 million in 2014. The increase in net interest expense in 2016 versus 2015 was primarily due to amortization of debt issuance costs partially offset by an increase in interest income as a result of higher average cash balances during 2016. 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.

Income Taxes: The Company's effective tax rate was 21.3% in 2016, 21.6% in 2015, and 20.9% in 2014. The effective tax rate in both 2016 and 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 had become realizable.

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 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, 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 all periods 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.

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, Accessories & Storage ("HTAS") businesses. The Power Tools business includes both professional and consumer products. 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. The HTAS business sells measuring, leveling and layout tools, planes, hammers, demolition tools, knives, saws, chisels and industrial and automotive tools. Power tool accessories include drill bits, router bits, abrasives and saw blades. Storage products include tool boxes, sawhorses, medical cabinets and engineered storage solution products.

(Millions of Dollars)	**2016**	**2015**	**2014**
Net sales	**$ 7,469**	$ 7,141	$ 7,033
Segment profit	**$ 1,267**	$ 1,170	$ 1,074
% of Net sales	**17.0%**	16.4%	15.3%

Tools & Storage net sales increased $328.5 million, or 5%, in 2016 compared to 2015. Organic sales increased 7% primarily due to organic growth of 7% in North America, 8% in Europe, and 5% in emerging markets, while unfavorable effects of foreign currency decreased net sales by 2%. North America growth was fueled by share gains from the successful launch of the DEWALT FLEXVOLT system, core product innovation and strong commercial execution. Europe achieved above-market organic growth leveraging the benefits of new products, growth investments and an expanded retail footprint. Growth in emerging markets, led by Latin America and Asia, was driven by successful commercial execution surrounding mid-price point products and regional pricing actions.

Segment profit amounted to $1,266.9 million, or 17.0% of net sales, in 2016 compared to $1,170.1 million, or 16.4% of net sales, in 2015. 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 currency and growth investments.

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.

Security:

The Security segment is comprised of the Convergent Security Solutions ("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 sells 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)	2016	2015	2014
Net sales	**$ 2,097**	$ 2,093	$ 2,261
Segment profit	**$ 269**	$ 240	$ 259
% of Net sales	**12.8%**	11.4%	11.5%

Security net sales increased $4.5 million in 2016 compared to 2015. Organic sales and small bolt-on electronic acquisitions each provided increases of 1%, while foreign currency decreased net sales by 2%. Europe posted positive organic growth of 2% on higher installation revenues, while North America declined 1% organically primarily due to lower sales volume within the commercial electronic security business partially offset by higher prices and volumes in the automatic doors business. The Security segment's organic growth in 2016 was also bolstered by double-digit growth within the emerging markets on easing comparables.

Segment profit amounted to $269.2 million, or 12.8% of net sales, in 2016 compared to $239.6 million, or 11.4% of net sales, in 2015. The increase in segment profit year-over-year was mainly due to improved operating performance in both North America and Europe, driven by a more disciplined assessment of new commercial opportunities, improved field productivity, and cost actions, which in the aggregate more than offset currency headwinds.

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.

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)	2016	2015	2014
Net sales	**$ 1,840**	$ 1,938	$ 2,044
Segment profit	**$ 304**	$ 340	$ 351
% of Net sales	**16.5%**	17.5%	17.1%

Industrial net sales decreased $97.9 million, or 5%, in 2016 compared with 2015, due to a 4% decline in organic sales and a 1% decrease from foreign currency. Engineered Fastening organic revenues declined 4% primarily due to weaker electronics volumes attributable to a major customer and pressured industrial volumes, which more than offset higher automotive growth. Excluding the impact of the major electronics customer, Engineered Fastening's organic sales were slightly positive in 2016. Infrastructure organic revenues decreased 5% due to a slowdown in Oil & Gas off-shore project activity as well as ongoing difficult scrap steel market conditions in the Hydraulics business.

Segment profit totaled $304.4 million, or 16.5% of net sales, in 2016 compared to $339.9 million, or 17.5% of net sales, in 2015. The year-over-year decrease in segment profit rate was primarily driven by lower volumes and currency, which more than offset productivity gains and cost control actions.

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.

RESTRUCTURING ACTIVITIES

A summary of the restructuring reserve activity from January 2, 2016 to December 31, 2016 is as follows:

(Millions of Dollars)	1/2/2016	Net Additions	Usage	Currency	12/31/2016
Severance and related costs	$ 44.3	$ 27.3	$ (50.0)	$ (0.2)	**$ 21.4**
Facility closures and asset impairments	14.4	21.7	(21.0)	(0.9)	**14.2**
Total	$ 58.7	$ 49.0	$ (71.0)	$ (1.1)	**$ 35.6**

During 2016, the Company recognized net restructuring charges and asset impairments of $49.0 million. This amount reflects $27.3 million of net severance charges associated with the reduction of 1,326 employees. The Company also recognized $11.0 million of facility closure costs and $10.7 million of asset impairments. The Company expects the 2016 actions to result in annual net cost savings of approximately $60 million by the end of 2017.

The majority of the $35.6 million of reserves remaining as of December 31, 2016 is expected to be utilized within the next twelve months.

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 2015 actions resulted in annual net cost savings of approximately $40 million in 2016, primarily in the Security and Industrial segments.

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.

Segments: The $49 million of net restructuring charges and asset impairments for the twelve months ended December 31, 2016 includes: $13 million of net charges pertaining to the Tools & Storage segment; $17 million of net charges pertaining to the Security segment; $9 million of net charges pertaining to the Industrial segment; and $10 million of net charges pertaining to Corporate.

The anticipated annual net cost savings of approximately $60 million related to the 2016 restructuring actions include: $20 million pertaining to the Tools & Storage segment; $19 million relating to the Security segment; $18 million pertaining to the Industrial segment; and $3 million relating 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 in 2015 and 2014.

Operating Activities: Cash flows from operations were $1.485 billion in 2016 compared to $1.182 billion in 2015, representing a $303 million increase. The year-over-year increase was primarily due to higher earnings and cash flows from working capital (accounts receivable, inventory, accounts payable and deferred revenue). As discussed previously, working capital turns increased to 10.6 as of December 31, 2016, an improvement of 1.4 turns over the prior year, demonstrating the Company's continued commitment to its core SFS principles.

In 2015, cash flows from operations were $1.182 billion, a $114 million decrease compared to $1.296 billion in 2014. The year-over-year decrease was primarily due to higher outflows from working capital 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)	2016	2015	2014
Net cash provided by operating activities	**$ 1,485**	$ 1,182	$ 1,296
Less: capital expenditures	**(347)**	(311)	(291)
Free cash flow	**$ 1,138**	$ 871	$ 1,005

Investing Activities: Cash flows used in investing activities were $284 million in 2016, primarily due to capital and software expenditures of $347 million and business acquisitions of $59 million, partially offset by $105 million of cash proceeds related to net investment hedge settlements, which were primarily driven by the significant fluctuations in foreign currency rates during 2016 associated with foreign exchange contracts hedging a portion of the Company's pound sterling, Canadian dollar, and Euro denominated net investments.

Cash flows used in investing activities in 2015 totaled $205 million, which primarily consisted of 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 lower capital expenditures in 2014 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.

Financing Activities: Cash flows used in financing activities were $433 million in 2016 primarily due to share repurchases of $374 million, cash payments for dividends of $331 million, and the settlement of the October 2014 forward share purchase contract for $147 million, partially offset by proceeds from issuances of common stock of $419 million, which mainly related to the issuance of 3.5 million shares associated with the settlement of the 2013 Equity Purchase Contracts. The higher dividend payments in 2016 were driven by the increase in quarterly dividends per common share to $0.58. The dividend paid in December 2016 to shareholders of record 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 $13 million in December 2016 to purchase the remaining 30% interest in GMT, which is included in the pending sale of the majority of the Company's mechanical security businesses, as discussed previously.

Cash flows used in financing activities in 2015 were $876 million, 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 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.

Fluctuations in foreign currency rates negatively impacted cash by $102 million, $133 million and $147 million in 2016, 2015 and 2014, 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 2016. 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 its existing committed credit facilities.

Cash and cash equivalents totaled $1.132 billion as of December 31, 2016, which was predominantly held in foreign jurisdictions. As of January 2, 2016 cash and cash equivalents totaled $465 million, comprised of $131 million in the U.S. and $334 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 $261 million of associated deferred tax liabilities at December 31, 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.

At December 31, 2016 and January 2, 2016, the Company had no commercial paper borrowings outstanding against the Company's $2.0 billion commercial paper program. In January 2017, the Company amended its $2.0 billion commercial paper program to increase the maximum amount of notes authorized to be issued to $3.0 billion and to include Euro denominated borrowings in addition to U.S. Dollars. In February 2017, the Company issued €600.0 million in Euro denominated commercial paper under its $3.0 billion U.S. Dollar and Euro commercial paper program which has been designated as a Net Investment Hedge as described in more detail in *Note I, Derivative Financial Instruments*.

Also, in January 2017, the Company executed a 364-day $1.3 billion committed credit facility (the "2017 Credit Agreement"). The 2017 Credit Agreement consists of a $1.3 billion revolving credit loan and a sub-limit of an amount equal to the EURO equivalent of $400 million for swing line advances. Borrowings under the 2017 Credit Agreement may be made in U.S. Dollars or Euros, pursuant to the terms of the agreement, and bear interest at a floating rate dependent on the denomination of the borrowing. Repayments must be made by January 17, 2018 or upon an earlier termination of the 2017 Credit Agreement at the election of the Company. The 2017 Credit Agreement serves as a liquidity back-stop for the Company’s $3.0 billion U.S. Dollar and Euro commercial paper program, also authorized and amended in January 2017, as discussed above.

The Company has a 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 December 31, 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 $588.5 million, of which $493.8 million was available at December 31, 2016. Short-term arrangements are reviewed annually for renewal.

At December 31, 2016, the aggregate amount of committed and uncommitted, long- and short-term lines was $2.3 billion. At December 31, 2016, $4.3 million was recorded as short-term borrowings outstanding against uncommitted lines excluding commercial paper. In addition, $94.7 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 December 31, 2016 and January 2, 2016 were 0.6% and 0.4%, respectively.

In March 2015, the Company entered into a forward share purchase contract with a financial institution counterparty for (3,645,510) shares of common stock. The contract obligates the Company to pay $350.0 million, plus an additional amount related to the forward component of the contract. In November 2016, the Company amended the settlement date to April 2019, or earlier at the Company's option.

In October 2014, the Company entered into a forward share purchase contract on its common stock. The contract obligated 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. In October 2016, the Company physically settled the contract, receiving 1,603,822 shares for a settlement amount of $147.4 million.

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 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. The Equity Units were 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 associated with the common shares issuable upon settlement of the Equity Purchase Contracts. The Company successfully remarketed the 2018 Junior Subordinated Note on November 17, 2016 ("Subordinated Notes"), which resulted in the interest rate being reset, effective on the settlement date, to a rate of 1.622% per annum, payable semi-annually in arrears on May 17 and November 17 of each year, commencing May 17, 2017 and maturing on November 17, 2018. Following settlement of the remarketing, the Subordinated Notes remain 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, but the Subordinated 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. In addition, the Company settled all Equity Purchase Contracts on November 17, 2016 by issuing 3,504,165 million common shares and receiving $345.0 million in cash proceeds, generated from the remarketing described above. Lastly, in October and November 2016, the Company's capped call options on its common stock expired and were net-share settled resulting in the Company receiving 418,234 shares of common stock.

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 successfully remarketed the Notes on November 5, 2015, which resulted in the interest rate on the notes being 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. In addition, the Company settled the Purchase Contracts on November 17, 2015 by issuing 6.3 million shares of Convertible Preferred Stock and receiving 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 was 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**	**2017**	**2018-2019**	**2020-2021**	**Thereafter**
Long-term debt (a)	$ 3,854	$ 6	$ 989	$ 404	$ 2,455
Interest payments on long-term debt (b)	3,232	154	285	265	2,528
Operating leases	405	95	141	82	87
Inventory purchase commitments (c)	305	305	—	—	—
Deferred compensation	26	1	3	2	20
Marketing obligations	70	33	36	—	—
Derivatives (d)	47	—	47	—	—
Forward stock purchase contracts (e)	350	—	350	—	—
Pension funding obligations (f)	66	66	—	—	—
Total contractual cash obligations	$ 8,355	$ 660	$ 1,851	$ 753	$ 5,090

(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 December 31, 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 December 31, 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 March 2015, the Company entered into a forward share purchase contract with a financial institution counterparty which obligates the Company to pay $350.0 million, plus an additional amount related to the forward component of the contract. In November 2016, the Company amended the final settlement date to April 2019, 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 2017 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.

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 $375.4 million of such liabilities at December 31, 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, and tax obligations, payments 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**	**2017**	**2018-2019**	**2020-2021**	**Thereafter**
U.S. lines of credit	$ 3,050	$ —	$ 1,300	$ 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 2016 would have been approximately $6 million incremental 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 in future periods.

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 $123 million, or approximately $0.65 per diluted share. In 2016, translational and transactional foreign currency fluctuations negatively impacted pre-tax earnings by approximately $155 million and diluted earnings per share by approximately $0.82.

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 in the U.S. which is based on LIBOR rates. At December 31, 2016, the impact of a hypothetical 10% increase in the interest rates associated with the Company's floating rate 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 $70 million of liabilities as of December 31, 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 2016, 2015 and 2014, investment returns on pension plan assets resulted in a $260 million increase, an $11 million decrease, and a $285 million increase, respectively. The Company expects funding obligations on its defined benefit plans to be approximately $66 million in 2017. 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 income of $3.1 million in 2016 and expense of $0.8 million in 2015 and $0.7 million in 2014. 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 primarily valued at the lower of Last-In First-Out ("LIFO") cost or market, while non-U.S. inventories are primarily 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, a write-down 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. At December 31, 2016, the Company reported $6,694.0 million of goodwill, $1,508.5 million of indefinite-lived trade names and $791.0 million of net definite-lived intangibles. These amounts exclude approximately $302.8 million of goodwill, $65.2 million of an indefinite-lived trade name and $31.8 million of net definite-lived intangibles that are classified within Assets held for sale on the Consolidated Balance Sheets at December 31, 2016. Refer to *Note T, Divestitures*, for further discussion.

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 estimated 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.

As required by the Company's policy, goodwill was tested for impairment in the third quarter of 2016. Beginning in 2013, the Company adopted ASU 2011-08, "Intangibles - Goodwill and Other (Topic 350): Testing Goodwill for Impairment," for its goodwill impairment testing. ASU 2011-08 permits companies to first assess qualitative 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. Under the two-step quantitative goodwill impairment test, the fair value of the reporting unit is compared to its respective carrying amount including goodwill. If the fair value exceeds the carrying amount, then no impairment exists. If the carrying amount exceeds the fair value, further analysis is performed to assess impairment. Such tests are completed separately with respect to the goodwill of each of the Company's reporting units. Accordingly, the Company applied the qualitative assessment for four of its reporting units, while performing the quantitative test for its Infrastructure reporting unit. Based on the results of the annual 2016 impairment testing, the Company determined that the fair values of each of its reporting units exceeded their respective carrying amounts.

In performing the qualitative assessment, the Company identified and considered 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 assessed changes in each reporting unit's fair value and carrying value since the most recent date a fair value measurement was performed. As a result of the qualitative assessments performed, the Company concluded that it is more likely than not that the fair value of each reporting unit exceeded its respective carrying value and therefore, no additional quantitative impairment testing was performed.

With respect to the quantitative test, the Company assessed the fair value of the Infrastructure reporting unit using a discounted cash flow valuation model. The key assumptions applied to the cash flow projections included a 9% discount rate, near-term revenue growth rates over the next five years, which represented a cumulative annual growth rate of approximately 5%, and a 3% perpetual growth rate. These assumptions contemplated business, market and overall economic conditions. Based on the results of this testing, the Company determined that the fair value of the reporting unit exceeded its carrying amount. Furthermore, management performed sensitivity analyses on the fair value resulting from the discounted cash flow valuation model utilizing more conservative assumptions that reflect reasonably likely future changes in the discount rate and perpetual growth rate. The discount rate was increased by 100 basis points with no impairment indicated. The perpetual growth rate was decreased by 150 basis points with no impairment indicated.

During the fourth quarter of 2016, 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, mainly related to project delays as a result of continued geopolitical challenges and a cyclical slowdown in offshore pipeline activity, as well as a slower than expected recovery in the scrap steel market. Accordingly, in connection with the preparation of the Consolidated Financial Statements for the year ended December 31, 2016, the Company performed an updated impairment analysis with respect to the Infrastructure reporting unit, which included approximately $269 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 14%. 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 Company's continued commitment to, and investments in, organic growth initiatives (including solid progress being made with respect to Breakthrough Innovation projects under the 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.

The Company also tested its indefinite-lived trade names for impairment during the third quarter of 2016, utilizing both qualitative assessments and quantitative tests. For the qualitative assessments, the Company identified and considered the significance of relevant key factors, events, and circumstances that could affect the fair value of each trade name. These factors primarily included macroeconomic, industry, and market conditions, as well as the trade names' actual and planned financial performance. As a result of the qualitative assessments performed, the Company concluded that it is more likely than not that the fair values of the trade names exceeded their respective carrying values and therefore, no additional quantitative impairment testing was performed. For the quantitative impairment tests, the Company utilized a discounted cash flow 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.

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 4.00% and 2.50%, respectively, at December 31, 2016. The Company’s weighted-average discount rate for the United States and international pension plans was 4.25% and 3.25%, respectively, at January 2, 2016. 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 4.75%, respectively, at December 31, 2016. The Company will use a 5.35% weighted-average expected rate of return assumption to determine the 2017 net periodic benefit cost. A 25 basis point reduction in the expected rate of return assumption would increase 2017 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 $691 million at December 31, 2016. A 25 basis point reduction in the discount rate would have increased the projected benefit obligation by approximately $90 million at December 31, 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 $12 million of defined benefit plan expense in 2016, 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 December 31, 2016, the Company had reserves of $160.9 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 $128.3 million to $267.1 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 $89 million and $96 million as of December 31, 2016, and January 2, 2016, 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 $103 million reserve for expected warranty claims as of December 31, 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. The programs qualify as operating leases for accounting purposes, such that only the monthly rent expense is recorded in the Consolidated Statements 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 2016. As of December 31, 2016 the estimated fair value of assets and remaining obligations for these properties were $67 million and $58 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) close the Newell transaction in the first quarter of 2017 with the transaction being approximately $0.20 to $0.25 accretive to the Company's diluted earnings per share in 2017 (increasing to approximately $0.60 per diluted share by the third year) excluding approximately $125 to $140 million of restructuring and other deal related costs and approximately $40 million of non-cash inventory step-up charges, which in the aggregate will largely be incurred in the first two years; (ii) close the acquisition of the Craftsman brand in 2017 thereafter significantly increasing the availability of Craftsman branded products in previously underpenetrated channels, enhance innovation and add manufacturing jobs in the U.S. to support growth with the transaction being accretive to earnings, excluding charges, by approximately $0.10 to $0.15 per diluted share in year one, increasing to approximately $0.35 to $0.45 by year five and to approximately $0.70 to $0.80 by year ten; (iii) close the sale of the majority of its mechanical security businesses in the first quarter of 2017 generating net after-tax cash proceeds of approximately $700 million with the earning per share impact of the transaction being approximately $0.15 to $0.20 dilutive; (iv) achieve its long-term financial objectives including: 4-6% organic revenue growth; 10-12% total revenue growth; 10-12% earnings per share growth including acquisitions (6-8% organic earnings per share growth); free cash flow equal to, or exceeding, net income; sustain 10+ working capital turns; and doubling the size of the Company to $22 billion in revenue by 2022 while expanding the margin rate; (v) return approximately 50% of free cash flow to shareholders through a strong and growing dividend as well as opportunistically repurchasing shares and deploying the remaining 50% toward acquisitions; (vi) expand operating margin rates over the next 3 to 5 years; (vii) achieve full year 2017 diluted EPS of approximately $6.85 - $7.05 (excluding the estimated earnings per share impacts of the pending acquisitions and divestiture previously discussed); and (viii) achieve free cash flow conversion of approximately 100% in 2017 (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 sales growth of 4% resulting in approximately $0.45 to $0.55 of diluted earnings per share accretion in 2017; (ii) the net impact from cost and productivity actions, partially offset by higher share count, resulting in approximately $0.45 to $0.50 of EPS accretion in 2017; (iii) commodity inflation approximating $50 to $55 million, and foreign exchange headwinds approximating $50 million, negatively impacting 2017 diluted earnings per share by $0.50 to $0.55; (iv) the Company's tax rate and core restructuring charges in 2017 being relatively consistent with the 2016 levels; (v) the Company's ability to capitalize on operational improvements in both Security Europe and North America; (vi) the Company's ability to identify and realize cost and revenue synergies associated with acquisitions; (vii) 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; (viii) the continued acceptance of technologies used in the Company's products and services; (ix) the Company's ability to manage existing Sonitrol franchisee and Mac Tools relationships; (x) 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; (xi) the proceeds realized with respect to any business or product line disposals; (xii) the extent of any asset impairments with respect to any businesses or product lines that are sold or discontinued; (xiii) the success of the Company's efforts to manage freight costs, steel and other commodity costs as well as capital expenditures; (xiv) 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; (xv) the Company's ability to generate free cash flow, maintain a conservative credit profile, and a strong investment grade rating; (xvi) the Company's ability to identify and effectively execute productivity improvements and cost reductions, while minimizing any associated restructuring charges; (xvii) the Company's ability to obtain favorable settlement of tax audits; (xviii) the ability of the Company to generate earnings sufficient to realize future income tax benefits during periods when temporary differences become deductible; (xiv) the continued ability of the Company to access credit markets under satisfactory terms; (xv) the Company's ability to negotiate satisfactory payment terms under which the Company buys and sells goods, services, materials and products; (xvi) the Company's ability to successfully develop, market and achieve sales from new products and services; and (xvii) 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 SFS 2.0 and focusing its employees on the related five key pillars of Core SFS, functional transformation, digital excellence, commercial excellence and breakthrough innovation; 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 December 31, 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 December 31, 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 52.

Under the supervision and with the participation of management, including the Company's President and Chief Executive Officer and its Executive 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 President and Chief Executive Officer and its Executive Vice President and Chief Financial Officer have concluded that, as of December 31, 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 December 31, 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 15, 2017:

Name and Age	Office	Date Elected to Office
James M. Loree (58)	President & Chief Executive Officer since August 2016. President & Chief Operating Officer (2013); Executive Vice President and Chief Operating Officer (2007); Executive Vice President Finance and Chief Financial Officer (1999).	7/19/1999
Donald Allan, Jr. (52)	Executive Vice President & Chief Financial Officer since October 2016. Senior Vice President & Chief Financial Officer (2010); Vice President & Chief Financial Officer (2009); Vice President & Corporate Controller (2002); Corporate Controller (2000); Assistant Controller (1999).	10/24/2006

Jeffery D. Ansell (49)	Executive Vice President, Global Tools & Storage since October 2016; Senior Vice President and Group Executive, Global Tools & Storage (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 (57)	Vice President, Corporate Tax since January 2002.	7/17/2009
Bruce H. Beatt (64)	Senior Vice President, General Counsel and Secretary since March 2010. Vice President, General Counsel and Secretary (2000).	10/9/2000
James J. Cannon (46)	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 (62)	Vice President & Treasurer since January 2002.	7/17/2009
Rhonda O. Gass (53)	Vice President & Chief Information Officer since October 2012.	10/11/2012
Lee B. McChesney (45)	President, Hand Tools, Accessories & Storage since October 2016. President, Industrial Verticals - Global Tools & Storage (2016) and Chief Financial Officer, Global Tools & Storage (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 (49)	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 (58)	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 (58)	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 (61)	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 (61)	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 (58)	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 December 31, 2016 follow:

	(A)	(B)	(C)
Plan Category	Number of securities to be issued upon exercise of outstanding options and stock awards	Weighted-average exercise price of outstanding options	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......	8,451,470 (1)	$ 86.33 (2)	6,935,076 (3)
Equity compensation plans not approved by security holders (4)..	—	—	—
Total...	8,451,470	$ 86.33	6,935,076

(1) Consists of 6,433,586 shares underlying outstanding stock options (whether vested or unvested) with a weighted average exercise price of $86.33 and a weighted average term of 6.79 years; 1,933,098 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 84,786 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 1,936,093 of shares available for purchase under the employee stock purchase plan ("ESPP") at the election of employees and 4,998,983 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 December 31, 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 48.

3. Exhibits

See Exhibit Index in this Form 10-K on page 103.

(b) See Exhibit Index in this Form 10-K on page 103.

(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 48.

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/ James M. Loree

James M. Loree, President and Chief Executive Officer

Date: February 15, 2017

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/ James M. Loree James M. Loree	President and Chief Executive Officer	February 15, 2017
/s/ Donald Allan, Jr. Donald Allan, Jr.	Executive Vice President and Chief Financial Officer	February 15, 2017
/s/ Jocelyn S. Belisle Jocelyn S. Belisle	Vice President and Chief Accounting Officer	February 15, 2017
* Andrea J. Ayers	Director	February 15, 2017
* George W. Buckley	Director	February 15, 2017
* Patrick D. Campbell	Director	February 15, 2017
* Carlos M. Cardoso	Director	February 15, 2017
* Robert B. Coutts	Director	February 15, 2017
* Debra A. Crew	Director	February 15, 2017
* Michael D. Hankin	Director	February 15, 2017
* Anthony Luiso	Director	February 15, 2017
* Marianne M. Parrs	Director	February 15, 2017
* Robert L. Ryan	Director	February 15, 2017

*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 December 31, 2016, January 2, 2016, and January 3, 2015
(Millions of Dollars)

	Beginning Balance	ADDITIONS: Charged To Costs And Expenses	ADDITIONS: Charged To Other Accounts (b)	(a) Deductions	Ending Balance
Allowance for Doubtful Accounts:					
Year Ended 2016	$ 72.9	$ 21.9	$ 4.8	$ (22.1)	$ 77.5
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
Tax Valuation Allowance:					
Year Ended 2016 (c)	$ 480.7	$ 74.5	$ 4.4	$ (34.1)	$ 525.5
Year Ended 2015	$ 551.9	$ 30.5	$ 1.7	$ (103.4)	$ 480.7
Year Ended 2014	$ 549.7	$ 90.0	$ (16.3)	$ (71.5)	$ 551.9

(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 December 31, 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 December 31, 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 52.

/s/ James M. Loree

James M. Loree, President and Chief Executive Officer

/s/ Donald Allan Jr.

Donald Allan Jr., Executive 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 December 31, 2016 and January 2, 2016, 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 December 31, 2016. Our audits also included the financial statement schedule listed in the Index at Item 15(a). 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 December 31, 2016 and January 2, 2016, and the consolidated results of its operations and its cash flows for each of the three fiscal years in the period ended December 31, 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.

As discussed in Note Q to the consolidated financial statements, the Company changed its presentation to classify all deferred tax assets and liabilities as noncurrent in its consolidated balance sheet as a result of the adoption of ASU 2015-17, Income Taxes (Topic 740): Balance Sheet Classification of Deferred Taxes. This ASU is effective for periods beginning after December 15, 2016. As permitted by the standard, the Company early adopted the standard on a prospective basis in its December 31, 2016 balance sheet.

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 December 31, 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 15, 2017 expressed an unqualified opinion thereon.

/s/ Ernst & Young LLP
Hartford, CT
February 15, 2017

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 December 31, 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 December 31, 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 December 31, 2016 and January 2, 2016, 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 December 31, 2016 of the Company and our report dated February 15, 2017 expressed an unqualified opinion thereon.

/s/ Ernst & Young LLP
Hartford, CT
February 15, 2017

Consolidated Statements of Operations
Fiscal years ended December 31, 2016, January 2, 2016, and January 3, 2015
(In Millions of Dollars, Except Per Share Amounts)

	2016	2015	2014
Net Sales	**$ 11,406.9**	$ 11,171.8	$ 11,338.6
Costs and Expenses			
Cost of sales	**$ 7,139.7**	$ 7,099.8	$ 7,235.9
Selling, general and administrative	**2,602.0**	2,459.1	2,575.0
Provision for doubtful accounts	**21.9**	27.3	20.9
Other-net	**196.9**	222.0	239.6
Restructuring charges and asset impairments	**49.0**	47.6	18.8
Interest income	**(23.2)**	(15.2)	(13.6)
Interest expense	**194.5**	180.4	177.2
	$ 10,180.8	$ 10,021.0	$ 10,253.8
Earnings from continuing operations before income taxes	**1,226.1**	1,150.8	1,084.8
Income taxes on continuing operations	**261.2**	248.6	227.1
Earnings from continuing operations	**$ 964.9**	$ 902.2	$ 857.7
Less: Net (loss) earnings attributable to non-controlling interests	**(0.4)**	(1.6)	0.5
Net earnings from continuing operations attributable to common shareowners	**$ 965.3**	$ 903.8	$ 857.2
Loss from discontinued operations before income taxes	**—**	(19.3)	(104.0)
Income tax expense (benefit) on discontinued operations	**—**	0.8	(7.7)
Net loss from discontinued operations	**$ —**	$ (20.1)	$ (96.3)
Net Earnings Attributable to Common Shareowners	**$ 965.3**	$ 883.7	$ 760.9
Basic earnings (loss) per share of common stock:			
Continuing operations	**$ 6.61**	$ 6.10	$ 5.49
Discontinued operations	**—**	(0.14)	(0.62)
Total basic earnings per share of common stock	**$ 6.61**	$ 5.96	$ 4.87
Diluted earnings (loss) per share of common stock:			
Continuing operations	**$ 6.51**	$ 5.92	$ 5.37
Discontinued operations	**—**	(0.13)	(0.60)
Total diluted earnings per share of common stock	**$ 6.51**	$ 5.79	$ 4.76

See Notes to Consolidated Financial Statements.

Consolidated Statements of Comprehensive Income (Loss)
Fiscal years ended December 31, 2016, January 2, 2016, and January 3, 2015
(In Millions of Dollars)

	2016	2015	2014
Net earnings	**$ 965.3**	$ 883.7	$ 760.9
Other comprehensive loss:			
Currency translation adjustment and other	**(285.4)**	(504.1)	(726.3)
Unrealized gains (losses) on cash flow hedges, net of tax	**5.8**	(1.2)	26.4
Unrealized gains on net investment hedges, net of tax	**76.8**	49.0	39.6
Pension (losses) gains, net of tax	**(24.2)**	32.3	(110.9)
Other comprehensive loss	**$ (227.0)**	$ (424.0)	$ (771.2)
Comprehensive income (loss) attributable to common shareowners	**$ 738.3**	$ 459.7	$ (10.3)

See Notes to Consolidated Financial Statements.

Consolidated Balance Sheets
December 31, 2016 and January 2, 2016
(Millions of Dollars)

	2016	2015
Assets		
Current Assets		
Cash and cash equivalents	$ **1,131.8**	$ 465.4
Accounts and notes receivable, net	**1,302.8**	1,331.8
Inventories, net	**1,478.0**	1,526.4
Prepaid expenses	**193.2**	172.4
Assets held for sale	**523.4**	—
Other current assets	**159.3**	166.1
Total Current Assets	**4,788.5**	3,662.1
Property, Plant and Equipment, net	**1,451.2**	1,450.2
Goodwill	**6,694.0**	7,084.3
Customer Relationships, net	**635.7**	778.7
Trade Names, net	**1,560.1**	1,641.8
Other Intangible Assets, net	**103.7**	121.0
Other Assets	**401.7**	389.7
Total Assets	$ **15,634.9**	$ 15,127.8
Liabilities and Shareowners' Equity		
Current Liabilities		
Short-term borrowings	$ **4.3**	$ 2.5
Current maturities of long-term debt	**7.8**	5.1
Accounts payable	**1,640.4**	1,533.1
Accrued expenses	**1,101.5**	1,261.9
Liabilities held for sale	**53.5**	—
Total Current Liabilities	**2,807.5**	2,802.6
Long-Term Debt	**3,815.3**	3,792.1
Deferred Taxes	**735.4**	825.9
Post-retirement Benefits	**644.3**	669.4
Other Liabilities	**1,258.8**	1,178.6
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 2016 and 2015 Issued 176,902,738 shares in 2016 and 2015	**442.3**	442.3
Retained earnings	**5,127.3**	4,491.7
Additional paid in capital	**4,774.4**	4,421.7
Accumulated other comprehensive loss	**(1,921.2)**	(1,694.2)
ESOP	**(25.9)**	(34.9)
	8,396.9	7,626.6
Less: common stock in treasury (24,342,971 shares in 2016 and 22,958,447 shares in 2015)	**(2,029.9)**	(1,815.0)
Stanley Black & Decker, Inc. Shareowners' Equity	**6,367.0**	5,811.6
Non-controlling interests	**6.6**	47.6
Total Shareowners' Equity	**6,373.6**	5,859.2
Total Liabilities and Shareowners' Equity	$ **15,634.9**	$ 15,127.8

See Notes to Consolidated Financial Statements.

Consolidated Statements of Cash Flows
Fiscal years ended December 31, 2016, January 2, 2016, and January 3, 2015
(Millions of Dollars)

	2016	2015	2014
Operating Activities:			
Net earnings attributable to common shareowners	**$ 965.3**	$ 883.7	$ 760.9
Adjustments to reconcile net earnings to cash provided by operating activities:			
Depreciation and amortization of property, plant and equipment	**263.6**	256.9	263.4
Amortization of intangibles	**144.4**	157.1	186.4
Asset impairments	**10.7**	9.8	63.1
Stock-based compensation expense	**81.2**	67.9	57.1
Provision for doubtful accounts	**21.9**	29.5	22.1
Deferred tax (benefit) expense	**(25.7)**	(1.3)	42.4
Other non-cash items	**29.3**	18.8	12.3
Changes in operating assets and liabilities:			
Accounts receivable	**(69.4)**	(41.3)	81.6
Inventories	**(23.9)**	(54.7)	(175.9)
Accounts payable	**159.7**	(9.7)	71.7
Deferred revenue	**(9.2)**	7.7	12.8
Other current assets	**26.0**	19.8	25.8
Long-term receivables	**1.2**	(12.6)	(13.2)
Other long-term assets	**(47.5)**	(11.5)	39.2
Accrued expenses	**(28.1)**	(59.0)	59.7
Defined benefit liabilities	**(56.8)**	(65.8)	(155.0)
Other long-term liabilities	**42.5**	(13.0)	(58.5)
Net cash provided by operating activities	**1,485.2**	1,182.3	1,295.9
Investing Activities:			
Capital expenditures	**(347.0)**	(311.4)	(291.0)
Proceeds from sales of assets	**10.6**	29.1	15.4
Business acquisitions, net of cash acquired	**(59.3)**	(17.6)	(3.2)
Proceeds (payments) from sales of businesses, net of cash sold	**24.0**	—	(3.9)
Proceeds (payments) from net investment hedge settlements	**104.7**	137.7	(61.4)
Other	**(17.0)**	(42.8)	(38.1)
Net cash used in investing activities	**(284.0)**	(205.0)	(382.2)
Financing Activities:			
Payments on long-term debt	**—**	(16.1)	(46.6)
Net short-term borrowings (repayments)	**1.9**	1.2	(391.0)
Stock purchase contract fees	**(13.8)**	(17.0)	(16.4)
Purchase of common stock for treasury	**(374.1)**	(649.8)	(28.2)
Proceeds from issuance of preferred stock	**—**	632.5	—
Redemption of preferred stock for treasury	**—**	(632.5)	—
Cash settlement on forward stock purchase contract	**(147.4)**	—	—
Non-controlling interest buyout	**(12.5)**	(33.5)	—
Termination of interest rate swaps	**27.0**	—	(33.4)
Proceeds from issuances of common stock	**418.5**	163.5	71.3
Cash dividends on common stock	**(330.9)**	(319.9)	(321.3)
Other	**(1.8)**	(4.0)	(0.6)
Net cash used in financing activities	**(433.1)**	(875.6)	(766.2)
Effect of exchange rate changes on cash	**(101.7)**	(132.9)	(147.1)
Increase (decrease) in cash and cash equivalents	**666.4**	(31.2)	0.4
Cash and cash equivalents, beginning of year	**465.4**	496.6	496.2
Cash and cash equivalents, end of year	**$ 1,131.8**	$ 465.4	$ 496.6

See Notes to Consolidated Financial Statements.

Consolidated Statements of Changes in Shareowners' Equity
Fiscal years ended December 31, 2016, January 2, 2016, and January 3, 2015
(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 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**
Net earnings				965.3				(0.4)	964.9
Other comprehensive loss					(227.0)				(227.0)
Cash dividends declared — $2.26 per share				(330.9)					(330.9)
Issuance of common stock			20.9				386.1		407.0
Settlement of forward share repurchase contract			150.0				(150.0)		—
Repurchase of common stock (4,651,463 shares)			76.9				(451.0)		(374.1)
Non-controlling interest buyout			12.2					(40.6)	(28.4)
Stock-based compensation related			81.2						81.2
Tax benefit related to stock options exercised			11.5						11.5
ESOP and related tax benefit				1.2		9.0			10.2
Balance December 31, 2016	**$ —**	**$ 442.3**	**$ 4,774.4**	**$ 5,127.3**	**$ (1,921.2)**	**$(25.9)**	**$(2,029.9)**	**$ 6.6**	**$ 6,373.6**

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 2016, 52 weeks in the fiscal year 2015 and 53 weeks in the fiscal year 2014.

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.

In December 2016, the Company announced the sale of the majority of its mechanical security businesses within the Security segment to Dormakaba for $725 million in cash. This pending divestiture includes the commercial hardware brands of Best Access, phi Precision and GMT, and is expected to close in the first quarter of 2017. In addition, the Company sold a small business within the Tools & Storage segment in January 2017. The operating results of these businesses have been reported within continuing operations in the Consolidated Financial Statements. In addition, the assets and liabilities expected to be included in these sales have been classified as held for sale on the Company's Consolidated Balance Sheets as of December 31, 2016. Refer to *Note T, Divestitures,* for further discussion.

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 2014, the Company sold two small businesses within the Security and Industrial segments. The operating results of these businesses have been reported as discontinued operations in the Consolidated Financial Statements. Refer to *Note T, Divestitures,* 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 2016 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 primarily 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 primarily 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 considers 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 amount 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 utilizing either a qualitative assessment or a quantitative analysis. For the qualitative assessments, the Company identifies and considers relevant key factors, events, and circumstances to determine whether it is necessary to perform a quantitative impairment test. The key factors considered include macroeconomic, industry, and market conditions, as well as the asset's actual and forecasted results. For the quantitative impairment tests, the Company compares 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 was to exceed the fair value, it would be written down to fair value. No significant goodwill or other intangible asset impairments were recorded during 2016, 2015 or 2014, 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, Divestitures,* 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 (loss), 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 (loss), 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 (loss) 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 eight 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 $124.1 million in 2016, $101.7 million in 2015, and $121.5 million in 2014. Expense pertaining to cooperative advertising with customers reported as a reduction of Net Sales was $232.5 million in 2016, $211.9 million in 2015, and $206.5 million in 2014. Cooperative advertising with customers classified as SG&A expense amounted to $6.6 million in 2016, $6.4 million in 2015, and $6.2 million in 2014.

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 $184.0 million, $183.0 million, and $226.2 million in 2016, 2015, and 2014, respectively. Distribution costs are classified as SG&A and amounted to $235.6 million, $229.3 million and $243.2 million in 2016, 2015 and 2014, 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 twelve 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 2017, the Financial Accounting Standards Boards ("FASB") issued Accounting Standards Update ("ASU") 2017-04, *Intangibles-Goodwill and Other (Topic 350): Simplifying the Test for Goodwill Impairment.* The new standard simplifies the subsequent measurement of goodwill by eliminating the second step of the goodwill impairment test. This ASU will be applied prospectively and is effective for annual or interim goodwill impairment tests in fiscal years beginning after December 15, 2019.

In January 2017, the FASB issued ASU 2017-01, *Business Combinations (Topic 805): Clarifying the Definition of a Business.* The new standard narrows the definition of a business and provides a framework for evaluation. This ASU is effective for financial statements issued for fiscal years beginning after December 15, 2017, including interim periods within those fiscal years.

In October 2016, the FASB issued ASU 2016-16, *Income Taxes (Topic 740): Intra-Entity Transfers of Assets Other Than Inventory*. The new standard eliminates the exception to the principle in ASC 740, for all intra-entity sales of assets other than inventory, to be deferred, until the transferred asset is sold to a third party or otherwise recovered through use. This ASU is effective for financial statements issued for fiscal years beginning after December 15, 2017, 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 August 2016, the FASB issued ASU 2016-15, *Statement of Cash Flows (Topic 230)*. The objective of this update is to provide additional guidance and reduce diversity in practice when classifying certain transactions within the statement of cash flows. In November 2016, the FASB issued ASU 2016-18, *Statement of Cash Flows (Topic 230): Restricted Cash*. The new standard requires that the statement of cash flows explain the change during the period in the total of cash, cash equivalents, and amounts generally described as restricted cash or restricted cash equivalents. These standards are effective for financial statements issued for fiscal years beginning after December 15, 2017, 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 June 2016, the FASB issued ASU 2016-13, *Financial Instruments - Credit Losses (Topic 326).* The new standard amends guidance on reporting credit losses for assets held at amortized cost basis and available-for-sale debt securities. This ASU is effective for financial statements issued for fiscal years beginning after December 15, 2018, 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 March 2016, the FASB issued ASU 2016-09, *Stock Compensation (Topic 718): Improvements to Employee Share-Based Payment Accounting*. The objective of this update is to simplify several aspects of the accounting for employee share-based payment transactions, including the income tax consequences, classification of awards as either equity or liabilities, and classification on the statement of cash flows. This ASU is effective for fiscal years beginning after December 15, 2016, including interim periods within those fiscal years. The Company will adopt this guidance in the first quarter of 2017 and does not expect it to have a material impact on its consolidated financial statements.

In February 2016, the FASB issued ASU 2016-02, *Leases (Topic 842)*". The objective of this update is to increase transparency and comparability among organizations by recognizing lease assets and lease liabilities on the balance sheet and disclosing key information about leasing arrangements. This ASU is effective for fiscal years beginning after December 15, 2018, including interim periods within those annual periods and is to be applied utilizing a modified retrospective approach. The Company is currently evaluating this guidance to determine the impact it may have on its consolidated financial statements.

In January 2016, the FASB issued 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, including interim periods within those annual periods, and can be applied either prospectively or retrospectively. Early adoption is permitted. The Company elected to early adopt the ASU in the fourth quarter of 2016 on a prospective basis. Prior periods were not retrospectively adjusted.

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. The Company adopted this standard in the first quarter of 2016 and it did not have an impact on its consolidated financial statements.

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 adopted this standard in the first quarter of 2016.

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 does not expect this guidance to have a significant 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. The Company adopted this standard in the first quarter of 2016 on a retrospective basis. Refer to *Note H, Long-Term Debt and Financing Arrangements*, for further discussion.

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. The Company adopted this standard in the first quarter of 2016 and it did not have an 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 adopted this standard in 2016 and it did not have an impact on its consolidated financial statements.

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 periods ending after December 15, 2016, and for interim and annual reporting periods thereafter, with early adoption permitted. The Company adopted this standard and it had no impact on its consolidated financial statements.

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. 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. In March, April, May and December 2016, the FASB clarified the implementation guidance on principal versus agent, identifying performance obligations, licensing, collectability and made technical corrections on various topics. The Company expects to apply the full retrospective method of adoption starting with the first interim period after December 15, 2017. Based on the Company's preliminary assessment, the anticipated impacts to the financial statements are primarily related to classification of outbound freight on the income statement and presentation of returns reserve.

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 was 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)	2016	2015
Trade accounts receivable	**$ 1,137.2**	$ 1,165.0
Trade notes receivable	**140.1**	130.6
Other accounts receivable	**103.0**	109.1
Gross accounts and notes receivable	**1,380.3**	1,404.7
Allowance for doubtful accounts	**(77.5)**	(72.9)
Accounts and notes receivable, net	**$ 1,302.8**	$ 1,331.8
Long-term trade notes receivable, net	**$ 180.9**	$ 182.1

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 $180.9 million and $182.1 million at December 31, 2016 and January 2, 2016, 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 has an accounts receivable sale program that expires on 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 December 31, 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 December 31, 2016 and January 2, 2016, $100.5 million and $100.4 million, respectively, of net receivables were derecognized. Gross receivables sold amounted to $1,832.9 million ($1,548.3 million, net) for the year ended December 31, 2016 and $1,580.4 million ($1,373.5 million, net) for the year ended January 2, 2016. These sales resulted in a pre-tax loss of $4.8 million and $3.9 million, respectively, for the years ended December 31, 2016 and January 2, 2016, respectively. These pre-tax losses include servicing fees of $0.9 million and $0.6 million, respectively, for the years ended December 31, 2016 and January 2, 2016. Proceeds from transfers of receivables to the Purchaser totaled $1,500.8 million and $1,350.4 million for the years ended December 31, 2016 and January 2, 2016, 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 $1,500.8 million and $1,350.4 million for the years ended December 31, 2016 and January 2, 2016, respectively.

The Company’s risk of loss following the sale of the receivables is limited to the deferred purchase price receivable, which was $83.2 million at December 31, 2016 and $41.1 million at January 2, 2016. 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 $0.1 million and $0.3 million for the years ended December 31, 2016 and January 2, 2016, respectively. Cash inflows related to the deferred purchase price receivable totaled $514.3 million and $416.9 million for the years ended December 31, 2016 and January 2, 2016, respectively. 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)	2016	2015
Finished products	**$ 1,044.2**	$ 1,085.0
Work in process	**133.3**	136.1
Raw materials	**300.5**	305.3
Total	**$ 1,478.0**	$ 1,526.4

Net inventories in the amount of $662.8 million at December 31, 2016 and $651.0 million at January 2, 2016 were valued at the lower of LIFO cost or market. If the LIFO method had not been used, inventories would have been $11.3 million higher than reported at December 31, 2016 and $26.7 million higher than reported at January 2, 2016.

D. PROPERTY, PLANT AND EQUIPMENT

(Millions of Dollars)	2016	2015
Land	**$ 107.3**	$ 129.2
Land improvements	**37.0**	36.0
Buildings	**519.3**	525.3
Leasehold improvements	**114.2**	98.9
Machinery and equipment	**2,008.5**	1,979.9
Computer software	**373.9**	397.5
Property, plant & equipment, gross	**$ 3,160.2**	$ 3,166.8
Less: accumulated depreciation and amortization	**(1,709.0)**	(1,716.6)
Property, plant & equipment, net	**$ 1,451.2**	$ 1,450.2

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

(Millions of Dollars)	2016	2015	2014
Depreciation	**$ 221.8**	$ 219.2	$ 229.5
Amortization	**41.8**	37.7	33.9
Depreciation and amortization expense	**$ 263.6**	$ 256.9	$ 263.4

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

E. ACQUISITIONS

PENDING ACQUISITIONS

On January 5, 2017, the Company announced that it had entered into a definitive agreement to purchase the Craftsman brand from Sears Holdings, which provides the Company with the rights to develop, manufacture and sell Craftsman-branded products in non-Sears Holdings channels. The agreement consists of a $525 million cash payment at closing, $250 million at the end of year three, and future payments to Sears Holdings of between 2.5% and 3.5% on new Stanley Black & Decker sales of Craftsman products through year 15. After year 15, Sears Holdings will have a perpetual license to continue selling in Sears-related channels in exchange for a 3% royalty payment to the Company. The Craftsman results will be consolidated into the Company's Tools & Storage segment. The transaction, which is expected to be accounted for as a business combination, is expected to close during 2017 subject to customary closing conditions, including regulatory approvals.

On October 12, 2016, the Company announced that it had entered into a definitive agreement to acquire the Tools business of Newell Brands ("Newell Tools"), which includes the industrial cutting, hand tool and power tool accessory brands Irwin® and Lenox®, for $1.95 billion in cash. Newell Tools will be consolidated into the Tools & Storage segment and will enhance the Company’s position within the global tools & storage industry and broaden its product offerings and solutions to customers and end-users, particularly within power tool accessories. The transaction is subject to customary closing conditions and is expected to close in the first quarter of 2017.

2016 ACQUISITIONS

During 2016, the Company completed five small acquisitions for a total purchase price of $59.3 million, net of cash acquired, which are being integrated into the Company’s Tools & Storage and Security segments. The total purchase price for the acquisitions was allocated to the assets and liabilities assumed based on their estimated fair values. The purchase accounting for these acquisitions is substantially complete with the exception of certain minor items and will be completed within the measurement period.

2015 ACQUISITIONS

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

ACTUAL AND PRO-FORMA IMPACT FROM ACQUISITIONS

As noted above, the Company completed five small acquisitions in 2016 and two small acquisitions in 2015, which did not have a significant impact on the Company's Consolidated Statements of Operations for the years ended December 31, 2016 or January 2, 2016. The Company did not complete any acquisitions during 2014.

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 2, 2016	$ 3,343.4	$ 2,317.2	$ 1,423.7	**$ 7,084.3**
Reclassification to Assets held for sale	(5.7)	(297.1)	—	**(302.8)**
Acquisitions	3.0	21.6	—	**24.6**
Foreign currency translation and other	(92.9)	(34.7)	15.5	**(112.1)**
Balance December 31, 2016	**$ 3,247.8**	**$ 2,007.0**	**$ 1,439.2**	**$ 6,694.0**

As previously discussed, the assets and liabilities expected to be included in the sales of the mechanical security businesses within the Security segment and the small business within the Tools & Storage segment have been classified as held for sale on the Company's Consolidated Balance Sheets as of December 31, 2016. As a result, in accordance with ASC 350, "Intangibles - Goodwill and Other," a portion of the goodwill associated with the Security and Tools & Storage segments was allocated to these businesses. The amounts allocated were based on the relative fair values of the businesses to be sold and the portions of the reporting units that were retained. Accordingly, goodwill for the Security and Tools & Storage segments was reduced by $297.1 million and $5.7 million, respectively, and classified within Assets held for sale on the Consolidated Balance Sheets as of December 31, 2016.

As required by the Company's policy, goodwill and indefinite-lived trade names were tested for impairment in the third quarter of 2016. The Company assessed the fair value of its Infrastructure reporting unit utilizing a discounted cash flow valuation model as had been done in previous years and determined that the fair value exceeded the respective carrying amount. The key assumptions used were the discount rate and perpetual growth rate applied to cash flow projections. Also inherent in the discounted cash flow valuation were near-term revenue growth rates over the next five years. These assumptions contemplated business, market and overall economic conditions.

For the remaining four reporting units, the Company determined qualitatively that it was not more likely than not that goodwill was impaired, and thus, the quantitative goodwill impairment test was not required. In making this determination, the Company considered the significant excess of fair value over carrying amount as calculated in the most recent quantitative analysis performed in conjunction with the 2015 annual impairment test, each reporting unit's 2016 performance compared to prior year and their respective industries, analyst multiples and other positive qualitative information, all of which indicated that it is more likely than not that the fair values of the four reporting units were greater than the respective carrying amounts. Based on this evaluation of internal and external qualitative factors, the Company concluded that the quantitative goodwill impairment test was not required for these four reporting units.

The fair values of the Company's indefinite-lived trade names were assessed using both qualitative assessments, which considered relevant key external and internal factors, and quantitative analyses, which utilized discounted cash flow valuation models taking into consideration appropriate discount rates, royalty rates and perpetual growth rates applied to projected sales. Based on the results of this testing, the Company determined that the fair values of each of its indefinite-lived trade names exceeded their respective carrying amounts.

During the fourth quarter of 2016, 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, mainly related to project delays as a result of continued geopolitical challenges and a cyclical slowdown in offshore pipeline activity, as well as a slower than expected recovery in the scrap steel market. Accordingly, in connection with the preparation of the Consolidated Financial Statements for the year ended December 31, 2016, the Company performed an updated impairment analysis with respect to the Infrastructure reporting unit, which included approximately $269 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 14%. 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 Company's continued commitment to, and investments in, organic growth initiatives (including solid progress being made with respect to Breakthrough Innovation projects under the 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 December 31, 2016 and January 2, 2016 were as follows:

	2016		**2015**	
(Millions of Dollars)	**Gross Carrying Amount**	**Accumulated Amortization**	**Gross Carrying Amount**	**Accumulated Amortization**
Amortized Intangible Assets — Definite lives				
Patents and copyrights	**$ 40.7**	**$ (36.5)**	$ 50.6	$ (44.2)
Trade names	**152.0**	**(100.4)**	164.8	(100.8)
Customer relationships	**1,614.6**	**(978.9)**	1,774.2	(995.5)
Other intangible assets	**258.2**	**(158.7)**	263.3	(148.7)
Total	**$ 2,065.5**	**$ (1,274.5)**	$ 2,252.9	$ (1,289.2)

Total indefinite-lived trade names are $1,508.5 million at December 31, 2016 and $1,577.8 million at January 2, 2016. The year-over-year decrease is due to a reclassification of $65.2 million to Assets held for sale relating to the previously discussed pending sale of the majority of the Company's mechanical security businesses within the Security segment and currency fluctuations. In addition, net definite-lived intangible assets totaling $31.8 million were reclassified to Assets held for sale as of December 31, 2016.

Aggregate intangible assets amortization expense by segment was as follows:

(Millions of Dollars)	**2016**	**2015**	**2014**
Tools & Storage	**$ 36.8**	$ 39.0	$ 40.7
Security	**57.8**	61.3	78.8
Industrial	**49.8**	56.8	66.9
Consolidated	**$ 144.4**	$ 157.1	$ 186.4

The 2014 amounts above are inclusive of amortization expense for discontinued operations amounting to $2.9 million.

Future amortization expense in each of the next five years amounts to $125.7 million for 2017, $116.3 million for 2018, $107.9 million for 2019, $90.1 million for 2020, $81.8 million for 2021 and $269.2 million thereafter.

G. ACCRUED EXPENSES

Accrued expenses at December 31, 2016 and January 2, 2016 were as follows:

(Millions of Dollars)	2016	2015
Payroll and related taxes	$ **268.0**	$ 271.8
Income and other taxes	**117.6**	157.6
Customer rebates and sales returns	**68.2**	66.5
Insurance and benefits	**87.4**	71.8
Accrued restructuring costs	**35.6**	58.7
Derivative financial instruments	**49.8**	49.8
Warranty costs	**68.8**	67.8
Deferred revenue	**81.9**	89.2
Forward share purchase contract	**—**	150.0
Other	**324.2**	278.7
Total	$ **1,101.5**	$ 1,261.9

H. LONG-TERM DEBT AND FINANCING ARRANGEMENTS

Long-term debt and financing arrangements at December 31, 2016 and January 2, 2016 follow:

		December 31, 2016						January 2, 2016
(Millions of Dollars)	Interest Rate	Original Notional	Unamortized Discount	Unamortized Gain/(Loss) Terminated Swaps [1]	Purchase Accounting FV Adjustment	Deferred Financing Fees	Carrying Value	Carrying Value
Notes payable due 2018[2]	2.45%	$ 632.5	$ —	$ —	$ —	$ (3.3)	$ **629.2**	$ 627.5
Notes payable due 2018	[2]	345.0	—	—	—	(1.9)	**343.1**	343.8
Notes payable 2021	3.40%	400.0	(0.2)	17.1	—	(1.7)	**415.2**	405.9
Notes payable due 2022	2.90%	754.3	(0.3)	—	—	(3.7)	**750.3**	749.6
Notes payable due 2028	7.05%	150.0	—	12.5	12.2	—	**174.7**	167.0
Notes payable due 2040	5.20%	400.0	(0.2)	(34.9)	—	(3.2)	**361.7**	360.1
Notes payable due 2052 (junior subordinated)	5.75%	750.0	—	—	—	(19.6)	**730.4**	729.9
Notes payable due 2053 (junior subordinated)	5.75%	400.0	—	4.8	—	(8.3)	**396.5**	394.2
Other, payable in varying amounts through 2022	0.00% - 2.27%	22.0	—	—	—	—	**22.0**	19.2
Total long-term debt, including current maturities		$ 3,853.8	$ (0.7)	$ (0.5)	$ 12.2	$ (41.7)	$ **3,823.1**	$ 3,797.2
Less: Current maturities of long-term debt							**(7.8)**	(5.1)
Long-term debt							$ **3,815.3**	$ 3,792.1

[1] Unamortized gain/loss associated with interest rate swaps are more fully discussed in *Note I, Derivative Financial Instruments*
[2] See full discussion on 2018 Notes Payable below.

Aggregate annual principal maturities of long-term debt for each of the years from 2017 to 2021 are $5.7 million, $982.3 million, $6.5 million, $3.0 million, $401.7 million, respectively, and $2,454.6 million thereafter. These maturities represent the principal amounts to be paid and accordingly exclude the remaining $12.2 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 $1.2 million pertaining to unamortized termination gain/loss on interest rate swaps and unamortized discount on the notes as described in *Note I, Derivative Financial Instruments* and $41.7 million of unamortized deferred financing fees. Interest paid during 2016, 2015 and 2014 amounted to $176.6 million, $161.5 million and $166.4 million, respectively.

In the first quarter of 2016, the Company adopted ASU 2015-03, *"Interest - Imputation of Interest (Subtopic 835-30); Simplifying the Presentation of Debt Issuance Costs."* ASU 2015-03 requires debt issuance costs related to recognized debt liabilities to be presented in the balance sheet as a direct deduction from the debt liability rather than an asset. Accordingly, at December 31, 2016, approximately $41.7 million of deferred debt costs were presented as a direct deduction within Long-Term

Debt on the Company's Consolidated Balance Sheets. Furthermore, the Company reclassified approximately $45.0 million of deferred debt issuance costs from Other Assets to Long-Term Debt as of January 2, 2016.

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 November 2012, the Company issued $800.0 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 2022 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 December 31, 2016, the Company's carrying value includes $0.3 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.

Commercial Paper and Credit Facilities

At December 31, 2016 and January 2, 2016, the Company had no commercial paper borrowings outstanding against the Company’s $2.0 billion commercial paper program.

The Company has a 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 December 31, 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 $588.5 million, of which $493.8 million was available at December 31, 2016. Short-term arrangements are reviewed annually for renewal.

At December 31, 2016, the aggregate amount of committed and uncommitted, long- and short-term lines was $2.3 billion. At December 31, 2016, $4.3 million was recorded as short-term borrowings outstanding against uncommitted lines excluding commercial paper. In addition, $94.7 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 December 31, 2016 and January 2, 2016 were 0.6% and 0.4%, respectively.

In January 2017, the Company amended its existing $2.0 billion commercial paper program to increase the maximum amount of notes authorized to be issued to $3.0 billion and to include Euro denominated borrowings in addition to U.S. Dollars. In February 2017, the Company issued €600.0 million in Euro denominated commercial paper under its $3.0 billion U.S. Dollar and Euro commercial paper program which has been designated as a Net Investment Hedge as described in more detail in *Note I, Derivative Financial Instruments*.

Also in January 2017, the Company executed a 364-day $1.3 billion committed credit facility (the "2017 Credit Agreement"). The 2017 Credit Agreement consists of a $1.3 billion revolving credit loan and a sub-limit of an amount equal to the EURO equivalent of $400 million for swing line advances. Borrowings under the 2017 Credit Agreement may be made in U.S. Dollars or Euros, pursuant to the terms of the agreement, and bear interest at a floating rate dependent on the denomination of the borrowing. Repayments must be made by January 17, 2018 or upon an earlier termination of the 2017 Credit Agreement at the election of the Company. The 2017 Credit Agreement serves as a liquidity back-stop for the Company's $3.0 billion U.S. Dollar and Euro commercial paper program, also authorized and amended in January 2017 as discussed above.

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 were 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:

On November 17, 2016, the Company settled all Equity Purchase Contracts by issuing 3,504,165 million common shares and received $345.0 million in cash proceeds generated from the remarketing described in detail below. The number of shares of common stock issuable upon settlement of each purchase contract (the "settlement rate") was rounded to the nearest ten-thousandth of a share and was determined by calculating the applicable market value, equal to the average of the daily volume-weighted average price of common stock for each of the 20 consecutive trading days during the market value averaging period, October 21, 2016 through November 17, 2016. The conversion rate used in calculating the average of the daily volume-weighted average price of common stock during the market value averaging period was 1.0157 (equivalent to the purchase contract settlement rate and a conversion price of $98.45 per common share).

Holders of the Equity Purchase Contracts were 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 was made, the related liability was relieved with the difference between the cash payment and the present value accreted to interest expense over the three-year term. On November 17, 2016, the Company made the final contract adjustment payment.

2018 Junior Subordinated Notes:

The $345.0 million aggregate principal amount of the 2018 Junior Subordinated Notes will mature on November 17, 2018. Prior to November 17, 2016, the 2018 Junior Subordinated Notes bore 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 were unsecured and ranked subordinate and junior in right of payment to the Company's existing and future senior indebtedness. The 2018 Junior Subordinated Notes initially ranked equally in right of payment with all of the Company's other unsecured junior subordinated debt.

The Company successfully remarketed the 2018 Junior Subordinated Notes on November 17, 2016 ("Subordinated Notes"). In connection with the remarketing, the interest rate on the notes was reset, effective on the settlement date to a rate of 1.622% per annum, payable semi-annually in arrears on May 17 and November 17 of each year, commencing May 17, 2017 and maturing on November 17, 2018. Following settlement of the remarketing, the Subordinated Notes remain 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, but the Subordinated 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 $345.0 million, which the Company did not directly receive, and were automatically applied to satisfy in full the related unit holders' obligations to purchase common stock under their Equity Purchase Contracts.

Interest expense of $0.7 million was recorded for 2016 related to the contractual interest coupon on the Subordinated Notes based on the annual rate of 1.622%. Interest expense of $6.8 million in 2016, and $7.8 million for both 2015 and 2014 was recorded related to the 2.25% contractual interest coupon on the 2018 Junior Subordinated Notes.

The unamortized deferred remarketing and discount costs of the Subordinated Notes at December 31, 2016 is $1.9 million and will be recorded to interest expense over the term of the underlying 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 covered, subject to customary anti-dilution adjustments, the number of shares equal to the number of shares issuable upon settlement of the Equity Purchase Contracts. 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. 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. In October and November 2016, the Company's capped call options on its common stock expired and were net-share settled resulting in the Company receiving 418,234 shares of common stock.

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 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, 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 $15.5 million and $1.9 million was recorded in 2016 and 2015, respectively, 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 in 2014, 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 $3.3 million at December 31, 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 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. 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.

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. Financial instruments are not utilized for speculative purposes.

A summary of the fair values of the Company's derivatives recorded in the Consolidated Balance Sheets at December 31, 2016 and January 2, 2016 follows:

(Millions of Dollars)	Balance Sheet Classification	2016	2015	Balance Sheet Classification	2016	2015
Derivatives designated as hedging instruments:						
Interest Rate Contracts Cash Flow	LT other assets	**$ —**	$ —	LT other liabilities	**$ 47.3**	$ 41.1
Interest Rate Contracts Fair Value	Other current assets	**—**	14.9	Accrued expenses	**—**	2.5
	LT other assets	**—**	1.4	LT other liabilities	**—**	5.2
Foreign Exchange Contracts Cash Flow	Other current assets	**37.6**	21.9	Accrued expenses	**1.6**	1.8
	LT other assets	**—**	3.7	LT other liabilities	**—**	—
Net Investment Hedge	Other current assets	**44.1**	30.3	Accrued expenses	**1.8**	4.8
	LT other assets	**—**	—	LT other liabilities	**0.5**	—
		$ 81.7	$ 72.2		**$ 51.2**	$ 55.4
Derivatives not designated as hedging instruments:						
Foreign Exchange Contracts	Other current assets	**$ 28.5**	$ 7.1	Accrued expenses	**$ 46.4**	$ 40.7
		$ 28.5	$ 7.1		**$ 46.4**	$ 40.7

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 2016 and 2015, significant cash flows related to derivatives including those that are separately discussed below resulted in net cash received of $94.7 million and $144.4 million, respectively.

CASH FLOW HEDGES — There was a $46.3 million and a $52.1 million after-tax loss as of December 31, 2016 and January 2, 2016, respectively, reported for cash flow hedge effectiveness in Accumulated other comprehensive loss. An after-tax gain of $9.0 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 December 31, 2016 and January 2, 2016 (in millions):

Year-to-date 2016	**(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	**$ (6.2)**	Interest Expense	**$ —**	**$ —**
Foreign Exchange Contracts	**$ 19.3**	Cost of sales	**$ 21.7**	**$ —**

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	$ —

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

For 2016 and 2015, the hedged items' impact to the Consolidated Statement of Operations was a loss of $21.7 million and a loss of $57.4 million, respectively, in Cost of Sales. There was no impact related to the interest rate contracts' hedged items for any period presented.

For 2016 and 2015, an after-tax gain of $3.3 million and $22.4 million, respectively, and for 2014 an after-tax loss of $7.5 million 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 December 31, 2016, and January 2, 2016, 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 functional currencies different than their own, 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 loss for the effective portion of the hedge are recorded in Cost of sales. The ineffective portion, if any, as well as gains and losses incurred after a hedge has been de-designated are not recorded in Accumulated other comprehensive loss, but are recorded directly to the Consolidated Statements of Operations in Other, net. At December 31, 2016 and January 2, 2016, the notional values of the forward currency contracts outstanding was $503.8 million and $439.3 million, respectively, maturing on various dates through 2017.

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 loss for the effective portions of the hedge are recorded in Cost of sales. The ineffective portion, if any, as well as gains and losses incurred after a hedge has been de-designated are not recorded in Accumulated other comprehensive loss, but are recorded directly to the Consolidated Statements of Operations in Other, net. At December 31, 2016, the notional value of option contracts outstanding was $252.0 million, maturing on various dates through 2017. As of January 2, 2016, the notional value of purchased option contracts was $197.4 million, maturing on various dates in 2016.

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 previous years, the Company entered into interest rate swaps on the first five years of the Company's $400 million 5.75% notes due 2053, interest rate swaps with notional values which equaled the Company's $400 million 3.40% notes due 2021 and the Company's $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. In the second quarter of 2016, the Company terminated all of the above interest rate swaps. The terminations resulted in cash receipts of $27.0 million. This gain was deferred and will be amortized to earnings over the remaining life of the notes.

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. There were no open contracts as of December 31, 2016 and the notional value of open contracts was $950.0 million as of January 2, 2016. A summary of the fair value adjustments relating to these swaps is as follows (in millions):

	Year-to-Date 2016		Year-to-Date 2015	
Income Statement Classification	**Gain/(Loss) on Swaps***	**Gain /(Loss) on Borrowings**	**Gain/(Loss) on Swaps***	**Gain /(Loss) on Borrowings**
Interest Expense	**$ (3.3)**	**$ 3.8**	$ 11.8	$ (11.8)

* 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 $6.9 million and $14.2 million for 2016 and 2015, respectively. Interest expense on the underlying debt was $19.9 million (for the period prior to termination of the derivatives) and $47.1 million for 2016 and 2015, 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 loss were a gain of $88.6 million and $11.8 million at December 31, 2016 and January 2, 2016, respectively. As of December 31, 2016, the Company had foreign exchange contracts that mature on various dates through 2017 with notional values totaling $1.0 billion outstanding hedging a portion of its British pound sterling, Mexican peso, Swedish krona, Euro and Canadian dollar denominated net investments, and a cross currency swap with a notional value totaling $250.0 million maturing 2023 hedging a portion of its Japanese yen denominated net investment. Of the $1.0 billion discussed above, $136.1 million hedging a portion of the British pound sterling net investments had been de-designated as of December 31, 2016. As of January 2, 2016, the Company had foreign exchange contracts maturing 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 denominated net investment. For the year ended December 31, 2016 and January 2, 2016, maturing foreign exchange contracts resulted in net cash received of $104.7 million and $137.7 million, respectively. Gains and losses on net investment hedges remain in Accumulated other comprehensive loss until disposal of the underlying assets. Gains and losses after a hedge has been de-designated are recorded directly to the Consolidated Statements of Operations in Other, net.

The pre-tax gain or loss from fair value changes was as follows (in millions):

	Year-to-Date 2016			Year-to-Date 2015		
Income Statement Classification	**Amount Recorded in OCI Gain (Loss)**	**Effective Portion Recorded in Income Statement**	**Ineffective Portion* Recorded in Income Statement**	**Amount Recorded in OCI Gain (Loss)**	**Effective Portion Recorded in Income Statement**	**Ineffective Portion* Recorded in Income Statement**
Other-net	**$ 117.8**	**$ —**	**$ —**	$ 75.5	$ —	$ —

*Includes ineffective portion and amount excluded from effectiveness testing.

In February 2017, the Company issued €600.0 million in Euro denominated commercial paper under its $3.0 billion U.S. Dollar and Euro commercial paper program which has been designated as a Net Investment Hedge against a portion of its EUR denominated net investment. The notional amount of the Euro commercial paper program matches the portion of the net investment designated as being hedged and they are denominated in the same currency; therefore, the Company does not expect to incur any ineffectiveness.

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 forward contracts outstanding at December 31, 2016 was $1.5 billion maturing on various dates through 2017. The total notional amount of the forward contracts outstanding at January 2, 2016 was $2.0 billion maturing on various dates through 2016. The income statement impacts related to derivatives not designated as hedging instruments for 2016 and 2015 are as follows (in millions):

Derivatives Not Designated as Hedging Instruments under ASC 815	Income Statement Classification	Year-to-Date 2016 Amount of Gain (Loss) Recorded in Income on Derivative	Year-to-Date 2015 Amount of Gain (Loss) Recorded in Income on Derivative
Foreign Exchange Contracts	Other-net	**$ (21.1)**	$ (8.9)

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 December 31, 2016, January 2, 2016, and January 3, 2015.

Earnings per Share Computation:

	2016	2015	2014
Numerator (in millions):			
Net earnings from continuing operations attributable to common shareowners	**$ 965.3**	$ 903.8	$ 857.2
Net loss from discontinued operations	**—**	(20.1)	(96.3)
Net earnings attributable to common shareowners	**$ 965.3**	$ 883.7	$ 760.9

	2016	2015	2014
Denominator (in thousands):			
Basic earnings per share — weighted-average shares	**146,041**	148,234	156,090
Dilutive effect of stock options and awards	**2,166**	4,472	3,647
Diluted earnings per share — weighted-average shares	**148,207**	152,706	159,737

	2016	2015	2014
Earnings (loss) per share of common stock:			
Basic earnings (loss) per share of common stock:			
Continuing operations	**$ 6.61**	$ 6.10	$ 5.49
Discontinued operations	**—**	(0.14)	(0.62)
Total basic earnings per share of common stock	**$ 6.61**	$ 5.96	$ 4.87
Diluted earnings (loss) per share of common stock:			
Continuing operations	**$ 6.51**	$ 5.92	$ 5.37
Discontinued operations	**—**	(0.13)	(0.60)
Total dilutive earnings per share of common stock	**$ 6.51**	$ 5.79	$ 4.76

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

	2016	2015	2014
Number of stock options	**734**	646	634

As described in detail below, under "Other Equity Arrangements," the Company issued Equity Units in December 2013 comprised of $345.0 million of Notes and Equity Purchase Contracts, which obligated 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 certain months in 2015 and 2016. Upon the November 17, 2016 settlement date, the Company issued 3,504,165 shares of common stock and received cash proceeds of $345.0 million.

COMMON STOCK ACTIVITY — Common stock activity for 2016, 2015 and 2014 was as follows:

	2016	2015	2014
Outstanding, beginning of year	**153,944,291**	157,125,450	155,479,230
Issued from treasury	**4,870,761**	6,046,405	1,986,796
Returned to treasury	**(6,255,285)**	(9,227,564)	(340,576)
Outstanding, end of year	**152,559,767**	153,944,291	157,125,450
Shares subject to the forward share purchase contract	**(3,645,510)**	(5,249,332)	(1,603,822)
Outstanding, less shares subject to the forward share purchase contract	**148,914,257**	148,694,959	155,521,628

In 2016, the Company repurchased 3,940,087 shares of common stock for approximately $374.1 million. Additionally, the Company net-share settled capped call options on its common stock and received 711,376 shares during 2016.

In November 2016, the Company issued 3,504,165 shares of common stock to settle the purchase contracts of the 2013 Equity Units.

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.

See "Other Equity Arrangements" below for further details of the above transactions.

In March 2015, the Company entered into a forward share purchase contract with a financial institution counterparty for 3,645,510 shares of common stock. The contract obligates the Company to pay $350.0 million, plus an additional amount related to the forward component of the contract. In November 2016, the Company amended the settlement date to April 2019, or earlier at the Company's option. The reduction of common shares outstanding was recorded at the inception of the forward share purchase contract in March 2015 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 obligated 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 in October 2014 and factored into the calculation of weighted average shares outstanding at that time. In October 2016, the Company physically settled the contract, receiving 1,603,822 shares for a settlement amount of $147.4 million. These shares are 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 December 31, 2016 and January 2, 2016 are as follows:

	2016	2015
Employee stock purchase plan	**1,936,093**	2,104,326
Other stock-based compensation plans	**4,998,983**	7,994,342
Total shares reserved	**6,935,076**	10,098,668

PREFERRED STOCK PURCHASE RIGHTS — Prior to March 10, 2016, each outstanding share of common stock had a 1 share purchase right. Each purchase right could 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 did not have voting rights, expired on March 10, 2016. There were no outstanding rights or shares of Series A Junior Participating Preferred Stock as of December 31, 2016.

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 2016, 2015 and 2014.

	2016	2015	2014
Average expected volatility	**24.1%**	25.0%	27.0%
Dividend yield	**2.0%**	2.0%	2.2%
Risk-free interest rate	**2.0%**	1.9%	1.8%
Expected term	**5.3 years**	5.3 years	5.3 years
Fair value per option	**$ 23.41**	$ 21.94	$ 19.98
Weighted average vesting period	**2.4 years**	2.8 years	2.8 years

Stock Options:

The number of stock options and weighted-average exercise prices as of December 31, 2016 are as follows:

	Options	Price
Outstanding, beginning of year	6,042,839	$ 77.36
Granted	1,250,198	118.97
Exercised	(718,275)	65.98
Forfeited	(141,176)	95.15
Outstanding, end of year	6,433,586	$ 86.33
Exercisable, end of year	3,897,279	$ 71.21

At December 31, 2016, the range of exercise prices on outstanding stock options was $30.03 to $121.63. Stock option expense was $22.8 million, $16.7 million and $16.5 million for the years ended December 31, 2016, January 2, 2016 and January 3, 2015, respectively. At December 31, 2016, the Company had $36.2 million of unrecognized pre-tax compensation expense for stock options. This expense will be recognized over the remaining vesting periods which are 2.4 years on a weighted average basis.

During 2016, the Company received $47.4 million in cash from the exercise of stock options. The related tax benefit from the exercise of these options was $13.0 million. During 2016, 2015 and 2014, the total intrinsic value of options exercised was $35.9 million, $102.7 million and $33.7 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 2016, 2015 and 2014, the Company reported $9.1 million, $21.2 million and $7.3 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 December 31, 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	56,460	1.96	$ 33.00	56,460	1.96	$ 33.00
$35.01 — 50.00	93,799	2.75	48.65	93,799	2.75	48.65
$50.01 — higher	6,283,327	6.90	87.37	3,747,020	5.41	72.35
	6,433,586	6.79	$ 86.33	3,897,279	5.30	$ 71.21

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.

As of December 31, 2016, the aggregate intrinsic value of stock options outstanding and stock options exercisable was $187.8 million and $169.5 million, respectively.

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 ($86.87 per share for fiscal year 2016 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 2016, 2015 and 2014, 168,233 shares, 182,039 shares and 128,144 shares, respectively, were issued under the plan at average prices of $84.46, $71.80, and $71.69 per share, respectively, and the intrinsic value of the ESPP purchases was $4.8 million, $5.4 million and $1.9 million, respectively. For 2016, the Company received $14.2 million in cash from ESPP purchases, and there was 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 2016, 2015 and 2014, respectively: dividend yield of 2.1%, 2.2% and 2.5%; expected volatility of 20.0%, 19.0% and 25.0%; risk-free interest rates of 0.5%, 0.1%, and 0.1%; and expected lives of one year. The weighted average fair value of those purchase rights granted in 2016, 2015 and 2014 was $29.68, $31.41 and $17.10, respectively. Total compensation expense recognized for ESPP amounted to $4.7 million for 2016, $5.4 million for 2015, and $2.1 million for 2014.

Restricted Share Units and Awards:

Compensation cost for restricted share units and awards, including restricted shares granted to French employees in lieu of RSUs, (collectively "RSUs") granted to employees is recognized ratably over the vesting term, which varies but is generally 4 years. RSU grants totaled 445,155 shares, 349,768 shares and 559,955 shares in 2016, 2015 and 2014, respectively. The weighted-average grant date fair value of RSUs granted in 2016, 2015 and 2014 was $118.20, $107.43 and $93.67 per share, respectively.

Total compensation expense recognized for RSUs amounted to $32.6 million, $30.9 million and $26.0 million in 2016, 2015 and 2014, respectively. The actual tax benefit received in the period the shares were delivered was $11.4 million. The excess tax benefit recognized was $2.4 million, $7.0 million, and $3.5 million in 2016, 2015 and 2014, respectively. As of December 31, 2016, unrecognized compensation expense for RSUs amounted to $79.8 million and this cost will be recognized over a weighted-average period of 2.2 years.

A summary of non-vested restricted stock unit and award activity as of December 31, 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 2, 2016	1,086,669	$ 88.19
Granted	445,155	118.20
Vested	(315,766)	117.19
Forfeited	(84,034)	103.95
Non-vested at December 31, 2016	1,132,024	$ 100.53

The total fair value of shares vested (market value on the date vested) during 2016, 2015 and 2014 was $37.0 million, $72.2 million and $64.5 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 2016, 2015 and 2014.

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 2014, 2015 and 2016. Each grant has separate annual performance goals for each year within the respective three year performance period. Earnings per share and 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 2017, 2018 and 2019 for the 2014, 2015 and 2016 grants, respectively. Total payouts are based on actual performance in relation to these goals.

Expense recognized for these performance awards amounted to $20.0 million in 2016, $13.8 million in 2015, and $11.4 million in 2014. 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 2, 2016	842,541	$ 78.83
Granted	261,081	86.56
Vested	(162,136)	71.42
Forfeited	(140,412)	72.11
Non-vested at December 31, 2016	801,074	$ 84.03

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. 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 had various expiration dates 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. 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.

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 obligated 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.

In accordance with the Equity Purchase Contracts, on November 17, 2016, the Company issued 3,504,165 shares of common shares and received additional cash proceeds of $345.0 million. The conversion rate used in calculating the average of the daily volume-weighted average price of common stock during the market value averaging period, was 1.0157 (equivalent to the minimum settlement rate and a conversion price of $98.45 per common share) on 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. Refer to *Note H, Long-Term Debt and Financing Arrangements,* for further discussion. 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 had a term of approximately three years and initially had a lower strike price of $98.80, which corresponded to a minimum settlement rate of the Equity Purchase Contracts, and an upper strike price of $112.91, which was approximately 40% higher than the closing price of the Company's common stock on November 25, 2013, subject to customary anti-dilution adjustments. In October and November 2016, the Company's capped call options on its common stock expired and were net-share settled resulting in the Company receiving 418,234 shares using an average reference price of $117.84 per common share.

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").

In accordance with the Purchase Contracts, on November 17, 2015, the Company issued 6.3 million shares of Convertible Preferred Stock resulting in cash proceeds to the Company 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 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. 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 - 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)
Other comprehensive (loss) income before reclassifications	(285.4)	9.1	76.8	(36.3)	(235.8)
Reclassification adjustments to earnings	—	(3.3)	—	12.1	8.8
Net other comprehensive (loss) income	(285.4)	5.8	76.8	(24.2)	(227.0)
Balance - December 31, 2016	**$ (1,586.3)**	**$ (46.3)**	**$ 88.6**	**$ (377.2)**	**$ (1,921.2)**

(Millions of Dollars)	2016		2015		
Components of accumulated other comprehensive loss	Reclassification adjustments		Reclassification adjustments		Affected line item in Consolidated Statements of Operations
Realized gains on cash flow hedges	**$**	**21.7**	$	57.4	Cost of sales
Realized losses on cash flow hedges		**(15.1)**		(15.1)	Interest Expense
Total before taxes	**$**	**6.6**	$	42.3	
Tax effect		**(3.3)**		(19.9)	Income taxes on continuing operations
Realized gains on cash flow hedges, net of tax	**$**	**3.3**	$	22.4	
Amortization of defined benefit pension items:					
Actuarial losses and prior service costs / credits	**$**	**(10.4)**	$	(9.7)	Cost of sales
Actuarial losses and prior service costs / credits		**(6.9)**		(6.4)	Selling, general and administrative
Total before taxes		**(17.3)**		(16.1)	
Tax effect		**5.2**		5.1	Income taxes on continuing operations
Amortization of defined benefit pension items, net of tax	**$**	**(12.1)**	$	(11.0)	

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 $21.9 million, $21.1 million and $19.9 million in 2016, 2015 and 2014, respectively. In addition to the regular employer match, $4.3 million will be allocated to the employee's accounts for forfeitures and a surplus resulting from appreciation of the Company's share value in 2016.

In addition, approximately 7,700 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. Core transition benefit allocations and additional Core transition benefit allocations were made under the plan for the years 2011-2015 for certain employees who were previously eligible for Cornerstone account allocations (the predecessor to the Core benefit plan) and certain employees who were previously eligible to accrue benefits under specified defined benefit plans. No Core transition benefit allocations or additional Core transition benefit allocations were made after December 31, 2015. Allocations for benefits earned under the Core plan were $17.6 million in 2016, $22.1 million in 2015 and $20.7 million in 2014. 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 2016, 2015 and 2014, the Company made additional contributions to the ESOP for $7.9 million, $7.2 million, and $9.4 million, respectively, which were used by the ESOP to make additional payments on the 1991 internal loan. These payments triggered the release of 219,492, 184,753 and 230,032 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 income of $3.1 million in 2016 and expense of $0.8 million in 2015 and $0.7 million in 2014. 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 $112.12 in 2016, $101.79 per share in 2015 and $88.05 per share in 2014.

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 $9.0 million in 2016, $9.7 million in 2015 and $10.6 million in 2014, 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 $3.1 million, $3.8 million and $4.7 million for 2016, 2015 and 2014, respectively. Both allocated and unallocated ESOP shares are treated as outstanding for purposes of computing earnings per share. As of December 31, 2016, the cumulative number of ESOP shares allocated to participant accounts was 14,145,330, of which participants held 2,386,937 shares, and the number of unallocated shares was 1,396,027. At December 31, 2016, there were 21,732 released shares in the ESOP trust holding account pending allocation. The Company made cash contributions totaling $4.2 million in 2016, $4.4 million in 2015 and $3.4 million in 2014 excluding additional contributions of $7.9 million, $7.2 million and $9.4 million in 2016, 2015 and 2014, respectively, as discussed previously.

PENSION AND OTHER BENEFIT PLANS — The Company sponsors pension plans covering most domestic hourly and certain executive employees, and approximately 14,500 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)	2016	2015	2014
Multi-employer plan expense	**$ 5.1**	$ 4.0	$ 4.0
Other defined contribution plan expense	**$ 15.4**	$ 11.7	$ 14.0

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

	U.S. Plans			Non-U.S. Plans		
(Millions of Dollars)	2016	2015	2014	2016	2015	2014
Service cost	**$ 9.4**	$ 7.0	$ 8.9	**$ 12.5**	$ 14.4	$ 13.1
Interest cost	**45.3**	54.0	56.4	**37.0**	46.8	59.3
Expected return on plan assets	**(67.9)**	(74.9)	(72.1)	**(44.5)**	(56.5)	(61.0)
Prior service cost amortization	**5.2**	1.8	1.1	**0.3**	0.9	0.3
Actuarial loss amortization	**7.1**	7.2	0.9	**5.9**	7.5	7.0
Settlement / curtailment loss	**—**	—	—	**0.7**	1.5	0.3
Net periodic pension (benefit) expense	**$ (0.9)**	$ (4.9)	$ (4.8)	**$ 11.9**	$ 14.6	$ 19.0

The Company provides medical and dental benefits for certain retired employees in the United States and Canada. Approximately 13,300 participants are covered under these plans. Net periodic post-retirement benefit expense was comprised of the following elements:

(Millions of Dollars)	Other Benefit Plans 2016	2015	2014
Service cost	**$ 0.6**	$ 0.5	$ 1.0
Interest cost	**1.7**	2.1	2.7
Prior service credit amortization	**(1.2)**	(1.3)	(1.4)
Actuarial loss amortization	**—**	—	(0.1)
Net periodic post-retirement expense	**$ 1.1**	$ 1.3	$ 2.2

In the first quarter of 2016, the Company changed the method used to estimate the service and interest cost components of net periodic pension (benefit) expense. The new estimation method uses a full yield curve approach by applying specific spot rates along the yield curve used in the determination of the pension benefit obligation, to their underlying projected cash flows, and provides a more precise measurement of the service and interest cost components. Previously, the Company used a single weighted average discount rate derived from the corresponding yield curve used to measure the pension benefit obligation. The change is applied prospectively as a change in estimate that is inseparable from a change in accounting principle and reduced service and interest cost for the year ended December 31, 2016 by approximately $13.9 million.

Changes in plan assets and benefit obligations recognized in accumulated other comprehensive loss in 2016 are as follows:

(Millions of Dollars)	2016
Current year actuarial loss	**$ 122.1**
Amortization of actuarial loss	**(13.0)**
Prior service credit from plan amendments	**(39.4)**
Amortization of prior service costs	**(4.3)**
Settlement / curtailment loss	**(0.8)**
Currency / other	**(31.1)**
Total increase recognized in accumulated other comprehensive loss (pre-tax)	**$ 33.5**

The amounts in Accumulated other comprehensive loss expected to be recognized as components of net periodic benefit costs during 2017 total $15.1 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)	**2016**	**2015**	**2016**	**2015**	**2016**	**2015**
Change in benefit obligation						
Benefit obligation at end of prior year	**$ 1,385.7**	$ 1,460.5	**$ 1,374.2**	$ 1,540.4	**$ 61.0**	$ 69.8
Service cost	**9.4**	7.0	**12.5**	14.4	**0.6**	0.5
Interest cost	**45.3**	54.0	**37.0**	46.8	**1.7**	2.1
Settlements/curtailments	**—**	—	**(5.7)**	(8.0)	**—**	—
Actuarial loss (gain)	**41.5**	(45.8)	**229.7**	(86.7)	**(0.7)**	(2.1)
Plan amendments	**1.8**	5.8	**(40.4)**	0.2	**(0.8)**	—
Foreign currency exchange rates	**—**	—	**(190.0)**	(76.2)	**0.3**	(1.5)
Participant contributions	**—**	—	**0.3**	0.3	**—**	—
Expenses paid from assets and other	**(5.5)**	(3.4)	**(2.0)**	(1.3)	**—**	—
Benefits paid	**(119.2)**	(92.4)	**(55.8)**	(55.7)	**(7.9)**	(7.8)
Benefit obligation at end of year	**$ 1,359.0**	$ 1,385.7	**$ 1,359.8**	$ 1,374.2	**$ 54.2**	$ 61.0
Change in plan assets						
Fair value of plan assets at end of prior year	**$ 1,081.5**	$ 1,174.1	**$ 1,047.3**	$ 1,115.7	**$ —**	$ —
Actual return on plan assets	**90.9**	(19.3)	**169.4**	8.3	**—**	—
Participant contributions	**—**	—	**0.3**	0.3	**—**	—
Employer contributions	**19.4**	22.5	**29.5**	35.5	**7.9**	7.8
Settlements	**—**	—	**(5.5)**	(6.4)	**—**	—
Foreign currency exchange rate changes	**—**	—	**(167.9)**	(48.2)	**—**	—
Expenses paid from assets and other	**(5.5)**	(3.4)	**(2.0)**	(2.2)	**—**	—
Benefits paid	**(119.2)**	(92.4)	**(55.8)**	(55.7)	**(7.9)**	(7.8)
Fair value of plan assets at end of plan year	**$ 1,067.1**	$ 1,081.5	**$ 1,015.3**	$ 1,047.3	**$ —**	$ —
Funded status — assets less than benefit obligation	**$ (291.9)**	$ (304.2)	**$ (344.5)**	$ (326.9)	**$ (54.2)**	$ (61.0)
Unrecognized prior service cost (credit)	**5.8**	9.1	**(35.0)**	2.3	**(6.2)**	(6.6)
Unrecognized net actuarial loss	**267.2**	255.8	**296.7**	233.5	**0.5**	1.4
Unrecognized net transition obligation	**—**	—	**0.1**	0.1	**—**	—
Net amount recognized	**$ (18.9)**	$ (39.3)	**$ (82.7)**	$ (91.0)	**$ (59.9)**	$ (66.2)

(Millions of Dollars)	U.S. Plans 2016	U.S. Plans 2015	Non-U.S. Plans 2016	Non-U.S. Plans 2015	Other Benefits 2016	Other Benefits 2015
Amounts recognized in the Consolidated Balance Sheets						
Prepaid benefit cost (non-current)	**$ —**	$ —	**$ 0.2**	$ 2.9	**$ —**	$ —
Current benefit liability	**(25.8)**	(11.0)	**(10.0)**	(7.9)	**(5.9)**	(6.7)
Non-current benefit liability	**(266.1)**	(293.2)	**(334.7)**	(321.9)	**(48.3)**	(54.3)
Net liability recognized	**$ (291.9)**	$ (304.2)	**$ (344.5)**	$ (326.9)	**$ (54.2)**	$ (61.0)
Accumulated other comprehensive loss (pre-tax):						
Prior service cost (credit)	**$ 5.8**	$ 9.1	**$ (35.0)**	$ 2.3	**$ (6.2)**	$ (6.6)
Actuarial loss	**267.2**	255.8	**296.7**	233.5	**0.5**	1.4
Transition liability	**—**	—	**0.1**	0.1	**—**	—
	$ 273.0	$ 264.9	**$ 261.8**	$ 235.9	**$ (5.7)**	$ (5.2)
Net amount recognized	**$ (18.9)**	$ (39.3)	**$ (82.7)**	$ (91.0)	**$ (59.9)**	$ (66.2)

The accumulated benefit obligation for all defined benefit pension plans was $2,666.7 million at December 31, 2016 and $2,714.0 million at January 2, 2016. Information regarding pension plans in which accumulated benefit obligations exceed plan assets follows:

(Millions of Dollars)	U.S. Plans 2016	U.S. Plans 2015	Non-U.S. Plans 2016	Non-U.S. Plans 2015
Projected benefit obligation	**$ 1,359.0**	$ 1,385.7	**$ 1,334.1**	$ 894.5
Accumulated benefit obligation	**$ 1,353.0**	$ 1,383.9	**$ 1,290.7**	$ 855.5
Fair value of plan assets	**$ 1,067.1**	$ 1,081.5	**$ 990.5**	$ 566.9

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 2016	U.S. Plans 2015	Non-U.S. Plans 2016	Non-U.S. Plans 2015
Projected benefit obligation	**$ 1,359.0**	$ 1,385.7	**$ 1,359.0**	$ 921.7
Accumulated benefit obligation	**$ 1,353.0**	$ 1,383.9	**$ 1,313.2**	$ 879.4
Fair value of plan assets	**$ 1,067.1**	$ 1,081.5	**$ 1,014.4**	$ 591.9

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		
	2016	2015	2014	2016	2015	2014	2016	2015	2014
Weighted-average assumptions used to determine benefit obligations at year end:									
Discount rate	**4.00%**	4.25%	3.75%	**2.50%**	3.25%	3.25%	**3.50%**	3.75%	3.25%
Rate of compensation increase	**3.00%**	6.00%	6.00%	**3.75%**	3.25%	3.50%	**3.50%**	3.50%	3.50%
Weighted-average assumptions used to determine net periodic benefit cost:									
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%
Expected return on plan assets	**6.50%**	6.50%	7.00%	**4.75%**	5.25%	5.75%	**—**	—	—

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 5.35% weighted-average expected rate of return assumption to determine the 2017 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 December 31, 2016 and January 2, 2016 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	2016	Level 1	Level 2
Cash and cash equivalents	**$ 50.8**	$ 35.3	$ 15.5
Equity securities			
U.S. equity securities	**303.8**	100.7	203.1
Foreign equity securities	**254.1**	75.8	178.3
Fixed income securities			
Government securities	**687.0**	227.0	460.0
Corporate securities	**687.9**		687.9
Insurance contracts	**35.0**		35.0
Other	**63.8**		63.8
Total	**$ 2,082.4**	$ 438.8	$ 1,643.6

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

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 2016 and 2015, the funded status percentage (total plan assets divided by total projected benefit obligation) of all global pension plans was 77%, improved from 76% in 2014.

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 $65.6 million to its pension and other post-retirement benefit plans in 2017.

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	$ 1,451.4	$ 187.9	$ 139.4	$ 137.3	$ 139.5	$ 141.6	$ 705.7

These benefit payments will be funded through a combination of existing plan assets, the returns on those 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 7.0% for 2017, 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 December 31, 2016 by approximately $1.6 million to $1.8 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
December 31, 2016			
Money market fund	$ 4.3	$ 4.3	$ —
Derivative assets	$ 110.2	$ —	$ 110.2
Derivative liabilities	$ 97.6	$ —	$ 97.6
January 2, 2016:			
Money market fund	$ 7.0	$ 7.0	$ —
Derivative assets	$ 79.3	$ —	$ 79.3
Derivative liabilities	$ 96.1	$ —	$ 96.1

The Company had no significant non-recurring fair value measurements, nor any financial assets or liabilities measured using Level 3 inputs, during 2016 and 2015.

As discussed in *Note T, Divestitures,* 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 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 December 31, 2016 and January 2, 2016:

(Millions of Dollars)	December 31, 2016 Carrying Value	December 31, 2016 Fair Value	January 2, 2016 Carrying Value	January 2, 2016 Fair Value
Other investments	**$ 8.9**	**$ 9.2**	$ 11.7	$ 11.7
Derivative assets	**$ 110.2**	**$ 110.2**	$ 79.3	$ 79.3
Derivative liabilities	**$ 97.6**	**$ 97.6**	$ 96.1	$ 96.1
Long-term debt, including current portion	**$ 3,823.1**	**$ 3,967.4**	$ 3,797.2	$ 4,034.4

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 December 31, 2016 and January 2, 2016. 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 $204.4 million, $188.0 million and $174.6 million for fiscal years 2016, 2015 and 2014, respectively.

O. RESTRUCTURING CHARGES AND ASSET IMPAIRMENTS

A summary of the restructuring reserve activity from January 2, 2016 to December 31, 2016 is as follows (in millions):

	1/2/2016	Net Additions	Usage	Currency	12/31/2016
Severance and related costs	$ 44.3	$ 27.3	$ (50.0)	$ (0.2)	**$ 21.4**
Facility closures and asset impairments	14.4	21.7	(21.0)	(0.9)	**14.2**
Total	$ 58.7	$ 49.0	$ (71.0)	$ (1.1)	**$ 35.6**

During 2016, the Company recognized net restructuring charges and asset impairments of $49.0 million. This amount reflects $27.3 million of net severance charges associated with the reduction of 1,326 employees. The Company also recognized $11.0 million of facility closure costs and $10.7 million of asset impairments.

The majority of the $35.6 million of reserves remaining as of December 31, 2016 is expected to be utilized within the next twelve months.

Segments: The $49 million of net restructuring charges and asset impairments for the twelve months ended December 31, 2016 includes: $13 million of net charges pertaining to the Tools & Storage segment; $17 million of net charges pertaining to the Security segment; $9 million of net charges pertaining to the Industrial segment; and $10 million of net charges 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. The Company recast segment net sales and profit 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, Accessories & Storage ("HTAS") businesses. The Power Tools business includes both professional and consumer products. 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.

The HTAS business sells measuring, leveling and layout tools, planes, hammers, demolition tools, knives, saws, chisels, and industrial and automotive tools. Power tool accessories include drill bits, router bits, abrasives and saw blades. 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 sells 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 charges, and income taxes. Refer to *Note O, Restructuring Charges and Asset Impairments*, for the amount of net restructuring charges by segment, and *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 cash, accounts receivable, inventory, other current assets, property, plant and equipment, intangible assets and other miscellaneous assets.

Net sales and long-lived assets are attributed to the geographic regions based on the geographic locations of the end customer and the Company subsidiary, respectively.

BUSINESS SEGMENTS

(Millions of Dollars)	2016	2015	2014
Net Sales			
Tools & Storage	**$ 7,469.2**	$ 7,140.7	$ 7,033.0
Security	**2,097.4**	2,092.9	2,261.2
Industrial	**1,840.3**	1,938.2	2,044.4
Consolidated	**$ 11,406.9**	$ 11,171.8	$ 11,338.6
Segment Profit			
Tools & Storage	**$ 1,266.9**	$ 1,170.1	$ 1,074.4
Security	**269.2**	239.6	259.2
Industrial	**304.4**	339.9	350.6
Segment Profit	**1,840.5**	1,749.6	1,684.2
Corporate overhead	**(197.2)**	(164.0)	(177.4)
Other-net	**(196.9)**	(222.0)	(239.6)
Restructuring charges and asset impairments	**(49.0)**	(47.6)	(18.8)
Interest income	**23.2**	15.2	13.6
Interest expense	**(194.5)**	(180.4)	(177.2)
Earnings from continuing operations before income taxes	**$ 1,226.1**	$ 1,150.8	$ 1,084.8
Capital and Software Expenditures			
Tools & Storage	**$ 227.3**	$ 191.7	$ 183.0
Security	**38.6**	35.9	27.9
Industrial	**81.1**	83.8	74.3
Discontinued operations	**—**	—	5.8
Consolidated	**$ 347.0**	$ 311.4	$ 291.0
Depreciation and Amortization			
Tools & Storage	**$ 203.0**	$ 196.5	$ 193.9
Security	**98.2**	105.2	127.8
Industrial	**106.8**	112.3	122.5
Discontinued operations	**$ —**	$ —	$ 5.6
Consolidated	**$ 408.0**	$ 414.0	$ 449.8
Segment Assets			
Tools & Storage	**$ 8,512.4**	$ 8,492.9	$ 8,568.2
Security	**3,139.0**	3,741.6	3,972.0
Industrial	**3,359.0**	3,438.7	3,501.8
	15,010.4	15,673.2	16,042.0
Assets held for sale	**523.4**	—	29.5
Corporate assets	**101.1**	(545.4)	(268.1)
Consolidated	**$ 15,634.9**	$ 15,127.8	$ 15,803.4

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 14%, 13%, and 11% of the Tools & Storage segment net sales in 2016, 2015 and 2014, respectively. Sales to Lowes were 15%, 14% and 13% of the Tools & Storage segment net sales in 2016, 2015 and 2014, respectively.

GEOGRAPHIC AREAS

(Millions of Dollars)	2016	2015	2014
Net Sales			
United States	**$ 6,135.6**	$ 5,882.0	$ 5,492.4
Canada	**515.3**	516.3	591.3
Other Americas	**635.6**	706.5	788.4
France	**582.7**	595.7	695.6
Other Europe	**2,468.6**	2,371.5	2,585.3
Asia	**1,069.1**	1,099.8	1,185.6
Consolidated	**$ 11,406.9**	$ 11,171.8	$ 11,338.6
Property, Plant & Equipment			
United States	**$ 663.4**	$ 676.0	$ 639.7
Canada	**29.3**	19.1	20.9
Other Americas	**95.8**	82.6	82.2
France	**57.5**	64.8	74.7
Other Europe	**322.3**	328.4	333.2
Asia	**282.9**	279.3	303.4
Consolidated	**$ 1,451.2**	$ 1,450.2	$ 1,454.1

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)	2016	2015
Deferred tax liabilities:		
Depreciation	**$ 108.7**	$ 99.6
Amortization of intangibles	**851.2**	868.5
Liability on undistributed foreign earnings	**260.7**	319.9
Discharge of indebtedness	**6.2**	9.3
Inventories	**6.2**	—
Deferred revenue	**27.3**	25.5
Other	**61.7**	66.8
Total deferred tax liabilities	**$ 1,322.0**	$ 1,389.6
Deferred tax assets:		
Employee benefit plans	**$ 362.5**	$ 361.1
Doubtful accounts and other customer allowances	**19.3**	19.0
Inventories	**—**	16.1
Accruals	**110.4**	135.6
Restructuring charges	**4.9**	12.6
Operating loss, capital loss and tax credit carryforwards	**590.3**	562.5
Currency and derivatives	**45.1**	42.2
Other	**126.7**	82.7
Total deferred tax assets	**$ 1,259.2**	$ 1,231.8
Net Deferred Tax Liabilities before Valuation Allowance	**$ 62.8**	$ 157.8
Valuation allowance	**$ 525.5**	$ 480.7
Net Deferred Tax Liabilities after Valuation Allowance	**$ 588.3**	$ 638.5

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," 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 $12.7 million of unrecognized tax benefits as of December 31, 2016 and $30.1 million of unrecognized tax benefits as of January 2, 2016, which is reflected in the Operating loss, capital loss and tax credit carryforwards line in the table above. The year-over-year reduction in the amount of the reclassification is primarily due to the utilization of foreign tax credits and research and development credits during 2016.

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 consolidated balance sheet. This ASU is effective for annual periods beginning after December 15, 2016, including interim periods within those annual periods, and can be applied either prospectively or retrospectively. The Company elected to early adopt the pronouncement in the fourth quarter of 2016 on a prospective basis. Prior periods were not retrospectively adjusted.

The Company's liability on undistributed foreign earnings decreased by $59.2 million during 2016, of which $38.7 million was recorded to the income tax provision and $20.5 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 2016, 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 $1.240 billion as of December 31, 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 2017 with certain jurisdictions having indefinite carry forward periods. The U.S. federal capital loss carry forward of $671.2 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.

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 $525.5 million and $480.7 million on deferred tax assets existing as of December 31, 2016 and January 2, 2016, 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, none of which was utilized in 2016. During 2016, the Company recorded a valuation allowance of $27.9 million against a deferred tax asset established under ASC 740-30-25-9 for the excess of the outside tax basis over the financial reporting basis for investments in businesses to be sold in 2017, which are classified as Held for Sale on the Company's Consolidated Balance Sheets as of December 31, 2016.

The classification of deferred taxes as of December 31, 2016 and January 2, 2016 is as follows:

	2016		2015	
(Millions of Dollars)	**Deferred Tax Asset**	**Deferred Tax Liability**	**Deferred Tax Asset**	**Deferred Tax Liability**
Current	**$ —**	**$ —**	$ (85.4)	$ 18.5
Non-current	**(147.1)**	**735.4**	(120.5)	825.9
Total	**$ (147.1)**	**$ 735.4**	$ (205.9)	$ 844.4

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

(Millions of Dollars)	**2016**	**2015**	**2014**
Current:			
Federal	**$ 84.8**	$ 64.4	$ 18.4
Foreign	**191.5**	171.4	141.1
State	**10.6**	14.1	17.1
Total current	**$ 286.9**	$ 249.9	$ 176.6
Deferred:			
Federal	**$ 18.2**	$ 64.2	$ 55.3
Foreign	**(26.1)**	(47.3)	(19.3)
State	**(17.8)**	(18.2)	14.5
Total deferred	**(25.7)**	(1.3)	50.5
Income taxes on continuing operations	**$ 261.2**	$ 248.6	$ 227.1

Net income taxes paid during 2016, 2015 and 2014 were $233.3 million, $191.6 million and $113.7 million, respectively. The 2016, 2015 and 2014 amounts include refunds of $30.5 million, $31.0 million and $47.1 million, respectively, primarily related to prior year overpayments and closing of tax audits.

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

(Millions of Dollars)	2016	2015	2014
Tax at statutory rate	**$ 429.1**	$ 402.9	$ 379.7
State income taxes, net of federal benefits	**12.5**	14.9	24.3
Difference between foreign and federal income tax	**(158.5)**	(166.9)	(178.0)
Tax reserve accrual	**32.0**	43.9	1.1
Audit settlements	**(10.5)**	1.3	(5.3)
NOL/capital loss & valuation allowance related items	**31.1**	(21.6)	2.7
Foreign dividends and related items	**13.7**	19.1	25.6
Change in deferred tax liabilities on undistributed foreign earnings	**(38.7)**	(31.0)	(6.0)
Statutory income tax rate change	**1.7**	4.8	(0.6)
Basis difference for businesses Held for Sale	**(27.9)**	—	—
Other-net	**(23.3)**	(18.8)	(16.4)
Income taxes on continuing operations	**$ 261.2**	$ 248.6	$ 227.1

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

(Millions of Dollars)	2016	2015	2014
United States	**$ 305.9**	$ 405.5	$ 234.4
Foreign	**920.2**	745.3	850.4
Earnings from continuing operations before income taxes	**$ 1,226.1**	$ 1,150.8	$ 1,084.8

Except for certain legacy Black & Decker foreign earnings, as described below, all remaining undistributed foreign earnings of the Company at December 31, 2016, in the amount of approximately $4.867 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 December 31, 2016, the amount of earnings subject to repatriation is $1.229 billion for which a deferred tax liability of $260.7 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)	2016	2015	2014
Balance at beginning of year	**$ 283.1**	$ 280.8	$ 269.5
Additions based on tax positions related to current year	**14.9**	23.2	27.4
Additions based on tax positions related to prior years	**53.9**	24.3	40.1
Reductions based on tax positions related to prior years	**(34.2)**	(14.3)	(30.9)
Settlements	**5.4**	(21.5)	(5.9)
Statute of limitations expirations	**(13.3)**	(9.4)	(19.4)
Balance at end of year	**$ 309.8**	$ 283.1	$ 280.8

The gross unrecognized tax benefits at December 31, 2016 and January 2, 2016 includes $291.1 million and $262.2 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 increased by $4.6 million in 2016, decreased by $0.1 million in 2015 and increased by $22.0 million in 2014. The liability for potential penalties and interest totaled $64.1 million as of December 31, 2016, $59.5 million as of January 2, 2016, and $59.6 million as of January 3, 2015. 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.

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 2012 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 $5.4 million due in the future under non-cancelable subleases. Rental expense, exclusive of sublease income, for operating leases was $124.2 million in 2016, $121.5 million in 2015, and $135.9 million in 2014.

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

(Millions of Dollars)	Total	2017	2018	2019	2020	2021	Thereafter
Operating lease obligations	$ 404.5	$ 94.5	$ 78.2	$ 62.4	$ 46.9	$ 35.0	$ 87.5
Marketing commitments	69.7	33.3	20.7	15.7	—	—	—
Total	$ 474.2	$ 127.8	$ 98.9	$ 78.1	$ 46.9	$ 35.0	$ 87.5

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 two 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 December 31, 2016, the estimated fair value of assets and remaining obligation for the properties were $67.2 million and $58.4 million, respectively.

GUARANTEES — The Company's financial guarantees at December 31, 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**	$ 58.4	$ —
Standby letters of credit	**Up to three years**	71.1	—
Commercial customer financing arrangements	**Up to six years**	70.5	22.1
Total		$ 200.0	$ 22.1

The Company has guaranteed a portion of the residual value arising from its previously mentioned synthetic leases. The lease guarantees aggregate $58.4 million while the fair value of the underlying assets is estimated at $67.2 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 $71.1 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 $70.5 million and the $22.1 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 December 31, 2016, January 2, 2016, and January 3, 2015:

(Millions of Dollars)	2016	2015	2014
Balance beginning of period	**$ 105.4**	$ 109.6	$ 121.1
Warranties and guarantees issued	**97.2**	91.8	98.0
Warranty payments and currency	**(99.2)**	(96.0)	(109.5)
Balance end of period	**$ 103.4**	$ 105.4	$ 109.6

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 second phase of the trial addressing the remedy and certain other issues commenced on September 26, 2016 and is currently scheduled to continue with subsequent briefing and argument through April 2017. 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 December 31, 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 December 31, 2016 and January 2, 2016, the Company had reserves of $160.9 million and $170.7 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 2016 amount, $18.9 million is classified as current and $142.0 million as long-term which is expected to be paid over the estimated remediation period. As of December 31, 2016, the Company has recorded $13.2 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 December 31, 2016, the Company's cash obligation associated with the aforementioned remediation activities including WCLC is $147.7 million. The range of environmental remediation costs that is reasonably possible is $128.3 million to $267.1 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, on June 18, 2012, the CPG members voluntarily entered into an AOC 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 its environmental reserves. 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 EPA 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 a draft RI report in February 2015 and draft FS report in April 2015 for the entire lower seventeen miles of the River. On March 4, 2016, the EPA issued a Record of Decision selecting the remedy for the lower 8.3 miles of the River. The cleanup plan adopted by the EPA is now considered a final action for the lower 8.3 miles of the River and will include the removal of 3.5 million cubic yards of sediment, placement of a cap over the entire lower 8.3 miles of the River, and, according to the EPA, will cost approximately $1.4 billion and take 6 years to implement after the remedial design is completed. (The EPA estimates that the remedial design will take four years to complete.) The Company and 105 other parties received a letter dated March 31, 2016 from the EPA notifying such parties of potential liability for the costs of the cleanup of the lower 8.3 miles of the River. There has been no determination as to how the RI/FS will be modified in light of the EPA's decision to implement a final action for the lower 8.3 miles of the River. 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 for the upper portion of the River has not yet been determined, and the parties that will participate in funding the remediation and their respective allocations are not yet known. On September 30, 2016, Occidental Chemical Corporation entered into an agreement with EPA to perform the remedial design for the cleanup plan for the lower 8.3 miles of the river.

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 0.3% to 3.0%, depending on the expected timing of disbursements. The discounted and undiscounted amount of the liability relative to these sites is $48.6 million and $58.5 million, respectively. The payments relative to these sites are expected to be $6.7 million in 2017, $5.6 million in 2018, $3.0 million in 2019, $3.0 million in 2020, $3.0 million in 2021, and $37.2 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. DIVESTITURES

As discussed in *Note A, Significant Accounting Policies,* the Company adopted 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,* in the first quarter of 2015. This guidance changed the criteria for reporting discontinued operations and enhanced the reporting requirements for both discontinued operations and individually significant disposals that do not qualify as a discontinued operation.

Disposals Subsequent to Adoption of ASU 2014-08

During the fourth quarter of 2016, the Company announced the sale of the majority of its mechanical security businesses within the Security segment to Dormakaba for $725 million. This pending divestiture includes the commercial hardware brands of Best Access, phi Precision and GMT. The transaction is expected to close in the first quarter of 2017, subject to customary closing conditions including regulatory approvals. In addition, the Company sold a small business within the Tools & Storage segment in January 2017 for approximately $25 million. Neither of these disposals qualify as discontinued operations and therefore, are included in the Company's continuing operations for all periods presented. Pre-tax income for these businesses totaled $43.9 million, $28.0 million and $31.6 million, respectively, for the years ended December 31, 2016, January 2, 2016 and January 3, 2015. The assets and liabilities of these businesses that are expected to be included in the sale are classified as held for sale as of December 31, 2016 on the Company's Consolidated Balance Sheets and totaled $523.4 million and $53.5 million, respectively. There were no assets or liabilities held for sale as of January 2, 2016. The carrying amounts of the assets and liabilities that were classified as held for sale as of December 31, 2016 are presented in the following table:

(Millions of Dollars)	2016
Accounts and notes receivable, net	$ 35.3
Inventories, net	33.2
Property, Plant and Equipment, net	52.3
Goodwill and other intangibles, net	399.8
Other Assets	2.8
Total assets	$ 523.4
Accounts payable and accrued expenses	$ 38.0
Other liabilities	15.5
Total liabilities	$ 53.5

Disposals Prior to Adoption of ASU 2014-08

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.

Security Spain and Italy operations have been reported as discontinued operations in the Company's Consolidated Financial Statements for the years ended January 2, 2016 and January 3, 2015, as follows:

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

SELECTED QUARTERLY FINANCIAL DATA (unaudited)

(Millions of Dollars, except per share amounts)	Quarter First	Second	Third	Fourth	Year
2016					
Net sales	**$ 2,672.1**	**$ 2,932.4**	**$ 2,882.0**	**$ 2,920.4**	**$ 11,406.9**
Gross profit	**977.6**	**1,128.9**	**1,084.1**	**1,076.6**	**4,267.2**
Selling, general and administrative expenses	**627.8**	**666.9**	**645.4**	**683.8**	**2,623.9**
Net earnings from continuing operations	**188.6**	**271.5**	**249.0**	**255.8**	**964.9**
Less: Net (loss) earnings attributable to non-controlling interest	**(0.8)**	**—**	**0.1**	**0.3**	**(0.4)**
Net earnings from continuing operations attributable to Stanley Black & Decker, Inc.	**189.4**	**271.5**	**248.9**	**255.5**	**965.3**
Net loss from discontinued operations	**—**	**—**	**—**	**—**	**—**
Net earnings attributable to Stanley Black & Decker, Inc.	**$ 189.4**	**$ 271.5**	**$ 248.9**	**$ 255.5**	**$ 965.3**
Basic earnings per common share:					
Continuing operations	**$ 1.30**	**$ 1.87**	**$ 1.71**	**$ 1.74**	**$ 6.61**
Discontinued operations	**—**	**—**	**—**	**—**	**—**
Total basic earnings per common share	**$ 1.30**	**$ 1.87**	**$ 1.71**	**$ 1.74**	**$ 6.61**
Diluted earnings per common share:					
Continuing operations	**$ 1.28**	**$ 1.84**	**$ 1.68**	**$ 1.71**	**$ 6.51**
Discontinued operations	**—**	**—**	**—**	**—**	**—**
Total diluted earnings per common share	**$ 1.28**	**$ 1.84**	**$ 1.68**	**$ 1.71**	**$ 6.51**
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

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) Revised Amended & Restated ByLaws.

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).

10.1 (a) 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).

(b) 364-Day Credit Agreement, made as of January 18, 2017 among Stanley Black & Decker, Inc., the initial lenders named therein and Citibank, N.A. as administrative agent for the Lenders (incorporated by reference to the Company's Current Report on Form 8-K filed on January 19, 2017).

10.2 (a) Executive Retirement Agreement, dated as of July 21, 2016 between Stanley Black & Decker, Inc. and John F. Lundgren (incorporated by reference to Exhibit 10.3 of the Company's Current Report on Form 8-K filed on July 25, 2016).*

(b) Second Amended and Restated Change in Control Severance Agreement dated July 21, 2016 between Stanley Black & Decker, Inc. and John F. Lundgren. (incorporated by reference to Exhibit 10.4 to the Company's Current Report on Form 8-K filed on July 25, 2016).*

(c) Form of stock option certificate for grant to John F. Lundgren pursuant to the Company's 2013 Long Term Incentive Plan.*

(d) Form of restricted stock unit award certificate for grants of restricted stock units to John F. Lundgren pursuant to the Company's 2013 Long Term Incentive Plan.*

10.3 (a) Letter Agreement, dated July 21, 2016, between Stanley Black & Decker, Inc. and James M. Loree (incorporated by reference to Exhibit 10.1 of the Company's Current Report on Form 8-K filed on July 25, 2016).*

(b) Second Amended and Restated Change in Control Severance Agreement dated July 21, 2016 between Stanley Black & Decker, Inc. and James M. Loree (incorporated by reference to Exhibit 10.2 to the Company's Current Report on Form 8-K filed on July 25, 2016).

10.4 Letter Agreement between Stanley Black & Decker, Inc. and John H. Wyatt effective December 22, 2014, as amended February 17, 2016 (incorporated by reference to Exhibit 10.4 to the Company's Annual Report on Form 10-K filed on February 19, 2016).*

10.5 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 10(xv) to the Company's Annual Report on Form 10-K for the period ended January 3, 2009).*

10.6 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 10(xvi) to the Company's Annual Report on Form 10-K for the period ended January 3, 2009).*

10.7 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).*

10.8 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).*

10.9 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).*

10.10 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).*

10.11 (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).*

10.12 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).*

10.13 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).

10.14 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).

10.15 (a) 2001 Long-Term Incentive Plan as amended effective October 17, 2008 (incorporated by reference to Exhibit 10(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).*
10.16	(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).*
10.17	(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.(incorporated by reference to Exhibit 10.19(b) to the Company's Annual Report on Form 10-K filed on February 19, 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).*
	(e)	Form of restricted stock unit retention award certificate for grants of restricted stock units to executive officers pursuant to the Company's 2013 Long Term Incentive Plan.*
10.18	(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).*
10.19		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).*
10.20		Special Severance Policy for Management Incentive Compensation Plan Participants Levels 1-5 as amended effective October 17, 2008 (incorporated by reference to Exhibit 10(xxi) to the Company's Annual Report on Form 10-K for the period ended January 3, 2009).*
10.21		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).*
10.22		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).*

10.23		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).*
10.24	(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).*
10.25		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).*
10.26		Stock and Asset Purchase Agreement, dated as of October 12, 2016, by and between Newell Brands Inc. and Stanley Black & Decker, Inc. (incorporated by reference to the Company's Current Report on Form 8-K filed on October 14, 2016)
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.

EXHIBIT 3.2(a)

As amended January 1, 2017

STANLEY BLACK & DECKER, INC.
BYLAWS

ARTICLE I
SHAREHOLDERS' MEETINGS

1. **Annual Meeting.** The Annual Meeting of the shareholders shall be held at such time in each year and at such place within or without the State of Connecticut as the Board of Directors may determine. Notice thereof shall be mailed to each shareholder to his or her last known post office address not less than ten days nor more than sixty days before such Meeting.

2. **Special Meetings.** Special Meetings of the shareholders shall be called by the Chairman, or the Chief Executive Officer or Secretary, or by the Chairman, or the Chief Executive Officer or Secretary upon the written request of the holders of not less than 35% of the voting power of all shares entitled to vote on any issue proposed to be considered at such Meeting by mailing a notice thereof to each shareholder to his or her last known post office address not less than twenty-five days nor more than fifty days before such Meeting.

3. **Quorum.** At any Meeting of shareholders the holders of not less than a majority of the shares outstanding and entitled to vote present in person or by proxy shall constitute a quorum. The Directors may establish a record date for voting or other purposes in accordance with law.

4. **Business to be Conducted at Annual Meeting.** No business may be transacted at an Annual Meeting of shareholders (including any adjournment thereof), other than business that is either (a) specified in the notice of meeting (or any supplement thereto) given by or at the direction of the Board of Directors (or any duly authorized committee thereof), (b) otherwise properly brought before the Annual Meeting by or at the direction of the Board of Directors (or any duly authorized committee thereof) or (c) otherwise properly brought before the Annual Meeting by any shareholder (i) who is a shareholder of record on the date of the giving of the notice provided for in this Section 4 and on the record date for the determination of shareholders entitled to vote at such Annual Meeting and (ii) who complies with the notice procedures set forth in this Section 4.

In addition to any other applicable requirements, for business to be properly brought before an Annual Meeting by a shareholder, such shareholder must have given timely notice thereof in proper written form to the Secretary.

To be timely, a shareholder's notice to the Secretary must be delivered to or mailed and received at the principal executive offices of the Corporation not less than ninety (90) days nor more than one hundred twenty (120) days prior to the anniversary of the date on which the proxy statement was first mailed relating to the immediately preceding Annual Meeting of shareholders; provided, however, that in the event that the Annual Meeting is called for a date that is not within thirty (30) days before or after such anniversary date, in order for a shareholder's notice to be timely it must be so received not later than the close of business on the tenth (10th) day following the day on which the notice of the date of such Annual Meeting was mailed or public disclosure of the date of such Annual Meeting was made, whichever first occurs. In no event shall the public announcement of an adjournment of an Annual Meeting commence a new time period for the giving of a shareholder's notice as described above.

To be in proper written form, a shareholder's notice to the Secretary must set forth as to each matter such shareholder proposes to bring before the Annual Meeting (i) a brief description of the business desired to be brought before the Annual Meeting and the reasons for conducting such business at the Annual Meeting, including the complete text of any resolutions to be presented at the Annual Meeting with respect to such business, and the reasons for conducting such business at the Annual Meeting, (ii) the name and record address of the shareholder of record proposing such business and any other person on whose behalf the proposal is being made, (iii) the class or series and number of shares of capital stock of the Corporation which are owned beneficially or of record by such shareholder or such other person, (iv) a description of all arrangements or understandings between such shareholder and any such other person or persons in connection with the proposal of such business by such shareholder, (v) a description of any material interest of such shareholder or such other person in such business and (vi) a representation that such shareholder intends to appear in person or by proxy at the Annual Meeting to bring such business before the meeting.

No business shall be conducted at the Annual Meeting of shareholders except business brought before the Annual Meeting in accordance with the procedures set forth in this Section 4; provided, however, that, once business has been properly brought before the Annual Meeting in accordance with such procedures, nothing in this Section 4 shall be deemed to preclude discussion by any shareholder of any such business. If the Chairman of an Annual Meeting determines that business was not properly brought before the Annual Meeting in accordance with the foregoing procedures, the Chairman shall declare to the meeting that the business was not properly brought before the meeting and such business shall not be transacted.

ARTICLE II
NOMINATIONS OF DIRECTOR CANDIDATES

1. **Eligibility to Make Nominations**. Nominations of candidates for election as directors of the Corporation at any meeting of shareholders called for election of directors may be made by the Board of Directors (an "Election Meeting") or at any annual meeting of shareholders by any shareholder entitled to vote at such annual meeting.

2. **Procedure for Nominations by the Board of Directors**. Nominations made by the Board of Directors shall be made at a meeting of the Board of Directors, or by written consent of directors in lieu of a meeting, not less than 30 days prior to the date of the Election Meeting, and such nominations shall be reflected in the minute books for the Corporation as of the date made. At the request of the Secretary of the Corporation each proposed nominee shall provide the Corporation with such information concerning himself or herself as is required, under the rules of the Securities and Exchange Commission, to be included in the Corporation's proxy statement soliciting proxies for his or her election as a director.

3. **Procedure for Nominations by Shareholders**. Any shareholder entitled to vote in the election of directors generally may nominate one or more persons for election as directors at an Annual Meeting only if such shareholder has given timely written notice of such shareholder's intent to make such nomination or nominations. To be timely, a shareholder's notice to the Secretary must be delivered to or mailed and received at the principal executive offices of the Corporation not less than ninety (90) days nor more than one hundred twenty (120) days prior to the anniversary of the date on which the proxy statement was first mailed relating to the immediately preceding Annual Meeting of shareholders; provided, however, that in the event that the Annual Meeting is called for a date that is not within thirty (30) days before or after such anniversary date, in order for a shareholder's notice to be timely it must be so received not later than the close of business on the tenth (10th) day following the day on which notice of the date of such Annual Meeting was mailed or public disclosure of the date of such Annual Meeting was made, whichever first occurs. In no event shall the public announcement of an adjournment of an Annual Meeting commence a new time period for the giving of a shareholder's notice as described above.

   To be in proper written form, a shareholder's notice to the Secretary must set forth: (i) the name and record address of the shareholder of record making such nomination and any other person on whose behalf the nomination is being made, and of the person or persons to be nominated, (ii) the class or series and number of shares of capital stock of the Corporation which are owned beneficially or of record by such shareholder or such other person, (iii) a description of all arrangements or understandings between such shareholder and any such other person or persons or any nominee or nominees in connection with the nomination by such shareholder, (iv) such other information regarding each nominee proposed by such shareholder as would be required to be disclosed in solicitations of proxies for election of directors in an election contest, or is otherwise required to be disclosed, pursuant to the rules of the Securities and Exchange Commission had the nominee been nominated or intended to be nominated by the Board of Directors, and shall include a consent signed by each such nominee to being named in the proxy statement for the Annual Meeting as a nominee and to serve as a director of the Corporation if so elected and (v) a representation that such shareholder intends to appear in person or by proxy at the Annual Meeting to make such nomination.

4. **Substitution of Nominees**. In the event that a person is validly designated as a nominee in accordance with Section 2 of this Article II and shall thereafter become unable or unwilling to stand for election to the Board of Directors, a substitute nominee may be designated by those named as proxies in proxies solicited on behalf of the Board of Directors if the person was designated as nominee in accordance with Section 2 of this Article II.

5. **Determination of Compliance with Procedure**. If the Chairman of the Election Meeting or the Annual Meeting determines that a nomination was not in accordance with the foregoing procedures, such nomination shall be void and shall be disregarded.

ARTICLE III
DIRECTORS AND COMMITTEES

1. **Directors.** The business, property and affairs of this Corporation shall be managed by or under the direction of the Board of Directors consisting of not less than nine nor more than eighteen Directors, the exact number to be determined by the Board of Directors from time to time. All Directors shall be shareholders of record. At each Annual Meeting of shareholders, each nominee for Director shall stand for election to a one-year term expiring at the next Annual Meeting of shareholders. Despite the expiration of a Director's term, such Director shall continue to serve until either the Director's successor shall have been duly elected and qualified or there is a decrease in the number of Directors. The Directors may increase the prescribed number of Directors by the concurring vote of a majority of the prescribed number of Directors. No reduction of the number of Directors shall remove or shorten the term of any Director in office. A majority of the number of Directors prescribed shall constitute a quorum for the transaction of business.

1.A. **Election of Directors.**

(a) At each Annual Meeting of the shareholders, (i) each vote entitled to be cast may be voted for or against up to that number of candidates that is equal to the number of Directors to be elected, or a shareholder may indicate an abstention, but without cumulating the votes; (ii) to be elected, a nominee must have received a plurality of the votes cast by holders of shares entitled to vote in the election at a meeting at which a quorum is present, provided a nominee who is elected but receives more votes against than for election shall serve as a Director for a term that shall terminate on the date that is the earlier of (A) ninety days from the date on which the voting results are determined, or (B) the date on which an individual is selected by the Board of Directors to fill the office held by such Director, which selection shall be deemed to constitute the filling of a vacancy by the Board. Subject to subsection (a)(iii), a nominee who is elected but receives more votes against than for election shall not serve as a Director beyond the ninety-day period specified in subsection (a)(ii)(A); and (iii) the Board of Directors may select any qualified individual to fill the office held by a Director who received more votes against than for election.

(b) Subsection (a) does not apply to an election of Directors if at the expiration of the notice period specified in Article II, Section 3 of these Bylaws, there are more candidates for election than the number of Directors to be elected, one or more of whom are properly proposed by shareholders. An individual shall not be considered a candidate for purposes of this subsection if the Board of Directors determines before the notice of meeting is given that such individual's candidacy does not create a bona fide election contest.

2. **Meetings.** The Chairman, the Chief Executive Officer or any Vice Chairman may and upon written application of any three Directors shall call a meeting of the Board of Directors to be held at such time and place as may be determined by the person calling said meeting and shall cause notice thereof to be given. Unless waived in writing, three days verbal or written (mail) notice shall be required provided, however, that if in the judgment of any two officers an emergency exists, a meeting may be called forthwith by telephone or facsimile or verbal notice and such notice shall be deemed sufficient notice notwithstanding that some of the Directors may not have actual notice.

The Annual Meeting of the Directors for the election of officers shall be held without notice, immediately after the Annual Meeting of shareholders. Regular meetings of the Directors shall be held at least on a quarterly basis.

3. **Written Consent.** If all the Directors, or all members of a committee of the Board of Directors, as the case may be, severally or collectively consent in writing to any action taken or to be taken by the Corporation, and the number of such Directors or members constitutes a quorum for such action, such action shall be a valid corporate action as though it had been authorized at a meeting of the Board of Directors or committee, as the case may be. The Secretary shall file such consents with the minutes of the Board of Directors or of the committee, as the case may be.

4. **Participation by Telephone.** A Director may participate in a meeting of the Board of Directors or of a committee by any means of communication by which all Directors participating in the meeting may simultaneously hear one another during the meeting, and participation in a meeting pursuant to this subsection shall constitute presence in person at such meeting.

5. **<u>Vacancies</u>.** In case any vacancy or vacancies shall exist in the Board of Directors at any time the remaining members of the Board by majority action may fill the vacancy or vacancies. The term of a Director elected to fill a vacancy expires at the next shareholders meeting at which Directors are elected.

6. **<u>Committees</u>.** The Board of Directors may from time to time appoint from its membership such committees as it may deem necessary or desirable for the best interests of the Corporation and may delegate to any committee all needful authority to the extent permitted by law. The meetings of all committees are open to all directors. Each committee shall fix its own rules as to procedure and calling of meetings. It shall appoint a Secretary, who need not be a member of the committee. Such Secretary shall call meetings of the committee on the request of the Chair of the committee or any two members and shall keep permanent record of all of its proceedings. A majority of the members of any committee shall constitute a quorum.

7. **<u>Executive Committee</u>.** The Directors shall appoint an Executive Committee consisting of the Chairman, the Chief Executive Officer (if he or she shall also be a Director), and at least three other Directors, but in no event shall the Committee consist of less than five members. The Board of Directors may at any time decrease (subject to the provisions of the preceding sentence) or increase the size of said Committee, may change the membership thereof and may fill vacancies therein.

   During intervals between meetings of the Board of Directors, the Executive Committee shall possess and may exercise all the powers of the Board of Directors in the management of the business and affairs of the Corporation, but the Committee shall have no power to declare dividends or do other things specially reserved by law to the Directors. The Executive Committee shall have power to appoint such subcommittees as it may deem necessary to report and make recommendations to the Executive Committee. Any action taken by the Executive Committee shall be subject to change, alteration and revision by the Board of Directors, provided that no rights or acts of others shall be affected by any such alteration or revision.

8. **<u>Finance and Pension Committee</u>.** A Finance and Pension Committee consisting of at least three Directors shall be appointed by the Board of Directors. The Committee shall advise and assist the Chief Financial Officer and the Treasurer in major matters concerning the finances of the Corporation and in matters of major policy decisions in the purchase and sale of securities. In performance of this the Committee shall regularly review the financial condition of the Corporation so as to counsel these officers and the Board on the total financial resources, strength and capabilities of the Corporation. In this connection, the Committee shall analyze and advise on fundamental corporate changes in capital structure (both debt and equity); review the capital structure of the Corporation and make recommendations with respect to management proposals concerning financing, purchases of treasury stock, investments, and dividend actions; review periodically the Corporation's risk management program and its adequacy to safeguard the Corporation against extraordinary liabilities or losses; and advise and assist

in matters such as short-term investments, credit liabilities, financings, and hedges of foreign currency exposures.

The Committee shall oversee the Corporation's administration of its pension plans and of the pension plans of its subsidiaries. The Committee shall be responsible for setting (subject to the approval of the Board of Directors) the retirement policies of the Corporation and its subsidiaries; for amending pension plans, savings and retirement plans, stock ownership plans or any similar plans or related trust agreements; and for approving actuarial assumptions and investment policies for the Corporation's pension plans. It shall report at least annually to the Board of Directors. The Committee may delegate any or all of these functions to such employees as it, in its judgment, deems appropriate.

Specifically, the Committee shall approve retaining or terminating the services of actuaries, lawyers, accountants or other professionals for the plans; shall approve annually the amount of the contributions to be made by the Corporation to the respective plans; and shall approve appointing and terminating trustees and investment managers and determine the allocation of the assets of the plans among one or more trustees or investment managers.

9. **Audit Committee.** An Audit Committee consisting of at least three Directors shall be appointed by the Board of Directors. Except as permitted by the independence requirements of the New York Stock Exchange, none of the Audit Committee members shall be officers or employees of the Corporation or any of its affiliates. Audit Committee members shall have no relationship to the Corporation that may interfere with the exercise of their independence from management and the Corporation. Each member of the Audit Committee shall be financially literate and at least one member shall have accounting or related financial management expertise, as such qualifications are interpreted by the Corporation's Board of Directors in its business judgment.

The responsibilities of the Audit Committee shall be to:

(a) Meet with the independent auditor prior to the audit to review the plan and scope of the audit; meet with management and the independent auditor to review the audited financial statements, including major issues and developments regarding financial reporting and accounting matters; and review the management letter prepared by the independent auditor and management's responses.

(b) Discuss with the independent auditor the matters required to be discussed on an annual or quarterly basis, as the case may be, under generally accepted auditing standards and any other applicable laws or regulations relating to the conduct of the audit.

(c) Meet periodically with management and the independent and internal auditors to review the adequacy of the Corporation's system of internal controls over financial reporting and the safeguarding of assets and review significant risk and control exposures and the steps being taken by management to monitor such exposures.

(d) Recommend to the Board of Directors the appointment of the independent auditor, subject to shareholder approval, which firm is ultimately accountable to the Audit Committee and the Board of Directors; approve the fees to be paid to the independent auditor; receive and review with the independent auditor periodic reports regarding the auditor's independence and if so determined by the Audit Committee, recommend that the Board of Directors take appropriate action to satisfy itself of the independence of the auditor; and evaluate the performance of the independent auditor and, if so determined by the Audit Committee, recommend that the Board of Directors replace the independent auditor.

(e) Periodically review the audit plan, the internal audit department responsibilities, budget, resources, skills and staffing; concur in the appointment or replacement of the Director of Internal Audit; review at least annually a summary of audit findings prepared by the internal auditing department and management's responses.

(f) Review with the Corporation's General Counsel the Corporation's legal compliance, including the Business Conduct Guidelines and legal, regulatory or compliance matters that may have a material impact on the financial statements.

(g) Evaluate the adequacy of the Corporation's Audit Committee Charter annually and recommend any changes to the Board of Directors for adoption.

(h) Perform any other oversight functions as requested by the Board of Directors.

10. **Compensation and Organization Committee.** A Compensation and Organization Committee consisting of at least three Directors, none of whom shall be employees of the Corporation or any of its subsidiaries, shall be appointed by the Board of Directors. The Committee shall review and approve major organization and compensation structure changes as recommended by Management. Although the Board, itself, will review the performance of the chief executive officer and fix his or her salary, the Committee shall approve the performance and determine the salaries of the other executive officers of the Corporation and of other senior executives whose base salary exceeds an amount fixed by the Board of Directors; shall determine the compensation of all executive officers and such senior executives under the Corporation's senior executive compensation plans; shall administer all of the Corporation's senior executive compensation plans; and shall assure that there is a succession plan in place.

11. **Corporate Governance Committee.** A Corporate Governance Committee consisting of at least three directors, none of whom shall be employees of the Corporation or any of its subsidiaries, shall be appointed by the Board of Directors. The Committee shall consider

and make recommendations to the Board of Directors as to Board of Director membership with respect to names generated by the Committee itself or submitted by shareholders. The Committee shall consider and make recommendations to the Board of Directors with respect to Board of Director committee membership and chair assignments. (These will normally be acted upon by the Board of Directors at its Annual Meeting held immediately after the Annual Meeting of shareholders.) The Committee shall consider and make recommendations to the Board of Directors with respect to the number of members of the Board of Directors. (The Charter and Bylaws provide for not less than nine nor more than eighteen as may be determined by the Board). Annually, the Committee shall consider and recommend to the Board of Directors the persons whom the Committee proposes that the Board of Directors nominate for election as directors at the Annual Meeting of shareholders. The Committee shall consider and make recommendations to the Board of Directors with respect to remuneration of directors.

The Committee shall provide guidance to the Management on major issues in areas of corporate social responsibility, including environmental issues and public affairs. The Committee shall review and approve policy guidelines to be used by Management in making charitable contributions and shall annually review all charitable contributions made by the Corporation during the previous twelve months and recommend to the Board the level of contributions to be set for the ensuing year.

12. In the absence of any one or more members from a meeting of any of the committees provided for in these Bylaws, the Chairman or the Chief Executive Officer may in his or her discretion invite any member or members of the Board (otherwise qualified to serve) to attend such meeting. Temporary members thus appointed to attend for absentees shall act as regular members and shall have the right to vote.

13. **Powers of All Committees.** The powers of all committees are at all times subject to the control of the Directors, and any member of any committee may be removed at any time at the pleasure of the Board.

ARTICLE IV
OFFICERS

1. **Election of Officers.** The Board of Directors shall have power to elect from its own members or otherwise a Chairman, a President, a Chief Executive Officer, one or more Vice Chairmen and Vice Presidents, a Controller, a Secretary, a Treasurer, one or more Assistant Treasurers and Assistant Secretaries, and such other officers, agents and employees as it may deem expedient, and to define the duties and authority of all officers, employees and agents and to delegate to them such lawful powers as may be deemed advisable.

The officers shall respectively perform all acts and duties required of such officers by law, by the Charter and Bylaws of this Corporation, or by the Board of Directors.

2. **<u>Chairman of the Board</u>.** If the Directors have elected a Chairman, the Chairman shall preside at all meetings of the Board, except that in the Chairman's absence, the Directors present shall designate a person to preside. The Chairman shall have such additional duties as the Board of Directors or the Executive Committee may assign.

3. **<u>President</u>.** The President shall be elected by the Directors and shall have such duties as the Board of Directors or the Executive Committee may assign.

4. **<u>Chief Executive Officer.</u>** One of the officers shall be appointed Chief Executive Officer of the Corporation by the Board of Directors. Subject to the Board of Directors and the Executive Committee, the Chief Executive Officer shall have general supervision and control of the policies, business and affairs of the Corporation.

5. **<u>Vice Chairmen</u>.** Each Vice Chairman shall have such powers and perform such duties as may be conferred upon him or her or determined by the Chief Executive Officer.

6. **<u>Vice Presidents</u>.** Each Vice President shall have such powers and perform such duties as may be conferred upon him or her or determined by the Chief Executive Officer.

7. **<u>Treasurer</u>.** The Treasurer shall have the oversight and control of the funds of the Corporation and shall have the power and authority to make and endorse notes, drafts and checks and other obligations necessary for the transaction of the business of the Corporation except as herein otherwise provided.

8. **<u>Controller</u>.** The Controller shall have the oversight and control of the accounting records of the Corporation and shall prepare such accounting reports and recommendations as shall be appropriate for the operation of the Corporation.

9. **<u>Secretary</u>.** It shall be the duty of the Secretary to make and keep records of the votes, doings and proceedings of all meetings of the shareholders and Board of Directors of the Corporation, and of its Committees, and to authenticate records of the Corporation.

10. **<u>Assistant Treasurers</u>.** The Assistant Treasurers shall have such duties as the Treasurer shall determine.

11. **<u>Assistant Secretaries</u>.** The Assistant Secretaries shall have such duties as the Secretary shall determine.

12. **<u>Powers of All Officers</u>.** The powers of all officers are at all times subject to the control of the Directors, and any officer may be removed at any time at the pleasure of the Board.

ARTICLE V
INDEMNIFICATION

To the extent properly permitted by law the Board of Directors shall provide for the indemnification and reimbursement of, and advances of expenses to, any person made a party to any action, suit or proceeding by reason of the fact that he or she, or a person whose legal representative or successor he or she is,

(a) is or was a Director, officer, employee or agent of the Corporation, or

(b) served at the Corporation's request as a director, officer, employee or agent of another corporation,

for expenses, including attorney's fees, and such amount of any judgment, money decree, fine, penalty or settlement for which he or she may have become liable as the Board of Directors deems reasonable, actually incurred by him or her in connection with the defense or reasonable settlement of any such action, suit or proceeding or any appeal therein.

This provision of indemnification shall be in addition to any other right or remedy which such person may have. The Corporation shall have the right to intervene in and defend all such actions, suits or proceedings brought against any such person.

ARTICLE VI
CORPORATE SEAL

The corporate seal shall be in the custody of the Secretary and either the Secretary or any other officer shall have the power to affix the same for the Corporation.

ARTICLE VII
STOCK CERTIFICATES

1. **Signatures.** Certificates of stock shall be signed by the Chairman, the President or a Vice President and by the Secretary or the Treasurer (except that where any such certificate is signed by a transfer agent or transfer clerk and by the registrar, the signatures of any such Chairman, President, Vice President, Secretary or Treasurer may be facsimiles, engraved or printed) and shall be sealed with the seal of the corporation (or shall bear a facsimile of such seal).

2. **Lost Certificates.** No certificate for shares of stock in the Corporation shall be issued in place of any certificate alleged to have been lost, stolen or destroyed except upon production of such evidence of such loss, theft or destruction as the Board of Directors in its discretion may require and upon delivery to the Corporation of a bond of indemnity in form and, unless such requirement is waived by Resolution of the Board, with one or more sureties, satisfactory to the Board in at least double the value of the stock represented by said Certificate.

ARTICLE VIII
FISCAL YEAR

The Corporation's fiscal year shall close on the Saturday nearest December 31st of each year.

ARTICLE IX
INDEPENDENT AUDIT

The Board of Directors shall provide for a yearly independent audit, the form and scope of which shall be determined by the Board from time to time.

ARTICLE X
AMENDMENTS

The Board of Directors of the Corporation may adopt, amend or repeal the Bylaws of the Corporation, subject, however, to the power of the shareholders to adopt, amend or repeal the same, provided that any notice of a meeting of shareholders or of the Board of Directors at which Bylaws are to be adopted, amended or repealed, shall include notice of such proposed action.

ARTICLE XI
ACQUISITIONS OF STOCK

(a) Except as set forth in subsection (b) hereof, the Corporation shall not acquire any of its voting equity securities (as defined below) at a price per share above the market price per share (as defined below) of such securities on the date of such acquisition from any person actually known by the Corporation to be the beneficial owner (as determined pursuant to Rule 13d-3 under the Securities Exchange Act of 1934, as amended, or any successor rule or regulation) of more than three percent of the Corporation's voting equity securities who has been the beneficial owner of the Corporation's voting equity securities for less than two years prior to the date of the Corporation's acquisition thereof, unless such acquisition (i) has been approved by a vote of a majority of the shares entitled to vote, excluding shares owned by any beneficial owner any of whose shares are proposed to be acquired pursuant to the proposed acquisition that is the subject of such vote or (ii) is pursuant to an offer made on the same terms to all holders of securities of such class. The determination of the Board of Directors shall be conclusive in determining the price paid per share for acquired voting equity securities if the Corporation acquires such securities for consideration other than cash.

(b) This provision shall not restrict the Corporation from: (i) acquiring shares in the open market in transactions in which there has been no prior arrangement with, or solicitation of (other than a solicitation publicly made to all holders), any selling holder of voting equity securities or in which all shareholders desiring to sell their shares have an equal chance to sell their shares; (ii) offering to acquire shares of shareholders owning less than 100 shares of any class of voting equity securities; (iii) acquiring shares pursuant to the terms of a stock option or similar plan that has been approved by a vote of a majority of the Corporation's common shares represented at a meeting of shareholders and entitled to vote thereon; (iv) acquiring shares from, or on behalf of, any employee benefit plan maintained by the Corporation or any subsidiary or any trustee of, or fiduciary with respect to, any such plan when acting in such capacity; or (v) acquiring shares pursuant to a statutory appraisal right or otherwise as required by law.

(c) Market price per share on a particular day means the highest sale price on that day or during the period of five trading days immediately preceding that day of a share of such voting equity security on the Composite Tape for New York Stock Exchange-Listed Stocks, or if such voting equity security is not quoted on the Composite Tape on the New York Stock Exchange or listed on such Exchange, on the principal United States securities exchange registered under the Securities Exchange Act of 1934 on which such voting equity security is listed, or, if such voting equity security is not listed on any such exchange, the highest sales price or, if sales price is not reported, the highest closing bid quotation with respect to a share of such voting equity security on that day or during the period of five trading days immediately preceding that day on the National Association of Securities Dealers, Inc. Automated Quotations System or any system then in use, or if no such quotations are available, the fair market value on the date in question of a share of such voting equity security as determined by a majority of the Board of Directors.

(d) Voting equity securities of the Corporation means equity securities issued from time to time by the Corporation which by their terms are entitled to be voted generally in the election of the directors of the Corporation.

(e) The Board of Directors shall have the power to interpret the terms and provisions of, and make any determinations with respect to, this Article XI, which interpretations and determinations shall be conclusive.

* * *

EXHIBIT 10.2(c)

StanleyBlack&Decker

2013 Long-Term Incentive Plan

Stock Option Grant Certificate

Subject to the terms and conditions set forth in this Certificate,

John F. Lundgren *has been awarded an Option to purchase* **_________** *Shares as follows:*

Grant Date: ***December 2, 2016***
Expiration Date: ***December 2, 2026***
Purchase Price Per Share: ***$____________***
Vests: ***50% on April 30, 2018 and 50% on April 30, 2019***

Stanley Black & Decker, Inc.

As a member of the Stanley Black & Decker team, your skills and contributions are vital to our Company's and its Shareholders continued success. This award of stock options provides you with the opportunity to earn significant financial rewards for your efforts and contributions to making Stanley Black & Decker the most successful company it can be.

On behalf of the Board of Directors, Congratulations.

James M. Loree
Chief Executive Officer
Stanley Black & Decker, Inc.

NON-QUALIFIED STOCK OPTION TERMS

This certifies that Stanley Black & Decker, Inc. (the "Company") has on the Grant Date granted to the Grantee named in this Certificate the option (the "Option") to purchase, on or before the Expiration Date at the Purchase Price per Share, the Option Shares, which shall be shares of the Common Stock of Stanley Black & Decker, Inc., par value $2.50 per share (the "Common Stock") all as set forth in this certificate. The Option is granted subject to the following terms and conditions and the terms and conditions of (a) the Executive Retirement Agreement between the Grantee and the Company dated July 21, 2016 (the "Retirement Agreement"); and (b) the Company's 2013 Long Term Incentive Plan, as amended from time to time (the "Plan"). In the event of any conflict between the terms of the Plan and this Certificate, the terms of the Plan shall govern. In the event of any conflict between the terms of the Plan, this Certificate and the Retirement Agreement, the terms of the Retirement Agreement shall govern.

1. Vesting and Exercisability. The Option will become fully vested and exercisable (i) in two equal installments on each of the first two anniversaries of the Retirement Date (as defined in the Retirement Agreement) or (ii) if earlier, upon the occurrence of any of the events that cause the Option to become immediately and fully vested pursuant to Section 3(c)(ii)(2) of the Retirement Agreement. Once vested, the Option may be exercised, from time to time, from the applicable vesting date until the Expiration Date set forth in this certificate. Stock may be purchased hereunder only to the extent that this Option has become vested. If, prior to the vesting date for the Option, (x) the Executive's employment is terminated by the Company for Cause or by Executive without Good Reason (including retirement) prior to the Retirement Date, in each case as defined in the Retirement Agreement, or (y) the Executive fails to comply in all material respects with the Covenants prior to an Anniversary Date (or, in the case of a termination of employment set forth in item (x) above, prior to the Retirement Date), as defined in the Retirement Agreement, then the unvested portion of the Option shall be immediately forfeited.

2. Process of Exercise. The vested portion of the Option may be exercised, in whole or in part, by written notification to the Company's Treasurer at the Company's executive offices in New Britain, Connecticut, or by any other procedure established by the Company from time to time. Such notification shall (i) specify the number of shares with respect to which the Option is being exercised, and (ii) be accompanied by payment for such shares. Such notification shall be effective upon its receipt by the Treasurer or any other party designated by the Treasurer on or before the Expiration Date. The Option may not be exercised with respect to a fractional share or with respect to the lesser of 100 shares or the balance of the shares then covered by the Option. In the event the Expiration Date falls on a day which is not a regular business day at the Company's executive offices in New Britain, Connecticut, then such written notification must be received at such office on or before the last regular business day prior to the Expiration Date. Payment is to be made by check payable to the order of Stanley Black & Decker, Inc. or by one of the alternative methods of payment described in the Plan and acceptable to the Company's Compensation and Organization Committee (the "Committee"). No shares shall be issued on exercise of the Option until full payment for such shares has been made and all checks delivered in payment therefor have been collected. The Grantee shall not have any rights of a shareholder upon exercise of the Option, including but not limited to, the right to vote or to receive dividends, until stock certificates have been issued to the Grantee.

3. Tax Withholding; etc. The Company shall not be required to issue any certificate or certificates for shares purchased upon the exercise of any part of the Option prior to (i) the admission of such shares to listing on any stock exchange on which the stock may then be listed, (ii) the completion of any registration or other qualification of such shares under any state or federal law or rulings or regulations of any governmental regulatory body, (iii) the obtaining of any consent or approval or other clearance from any governmental agency which the Company shall, in its sole discretion, determine to be necessary or advisable, and (iv) the payment to the Company, upon its demand, of any amount requested by the Company for withholding federal, state or local income or earnings taxes or any other applicable tax or assessment (plus interest or penalties thereon, if any, caused by a delay in making such payment) incurred by reason of the exercise of the Option or the transfer of such shares. The Option shall be exercised and shares issued only upon compliance with the Securities Act of 1933, as amended (the "Act"), and any other applicable securities laws, and the Grantee shall comply with any requirements imposed by the Committee under such laws. If the Grantee qualifies as an "affiliate" (as that term is defined in Rule 144 ("Rule 144") promulgated under the Act), upon demand by the Company, the Grantee (or any person acting on his or her behalf) shall deliver to the Treasurer at the time of any exercise of the Option a written representation that upon exercising the Option he or she will acquire shares pursuant to the Plan for his or her own account, that he or she is not taking the shares with a view to distribution and that he or she will dispose of the shares only in compliance with Rule 144.

4. Transferability. Except as otherwise provided in the Plan, the Option is not transferable by the Grantee otherwise than (i) by will or by the laws of descent and distribution, (ii) pursuant to a qualified domestic relations order, as defined in the Internal Revenue Code of 1986, as amended (the "Code"), or (iii) following the Grantee's Retirement, in whole or in part and without payment of consideration, to (a) the Grantee's spouse, children and grandchildren (an "Immediate Family Member") or Immediate Family Members, (b) a trust or trusts for the exclusive benefit of Immediate Family Member(s), or (c) a partnership or partnerships in which Immediate Family Member(s) are the only Partner(s). More particularly (but without limiting the generality of the foregoing), the Option may not be assigned, transferred (except as provided above), pledged or hypothecated in any way, shall not be assignable by operation of law and shall not be subject to execution, attachment or similar process. The Company reserves the right to charge administrative fees in respect of such transfers.

5. No Right to Employment. The Option does not confer upon the Grantee any right with respect to continuation of employment with the Company or any Affiliate, and will not interfere in any way with the right of the Company or any Affiliate to terminate the Grantee's employment.

6. **Termination of Employment**. Notwithstanding any other provisions:

Once vested, the Option shall remain exercisable by the Grantee (or, following the Grantee's death, the person designated in the Grantee's last will and testament or if no person is designated, the Grantee's estate) until the Expiration Date.

Leaves of absence for such periods and purposes conforming to the personnel policy of the Company as may be approved by the Committee shall not be deemed terminations or interruptions of employment.

In the event the Option is exercised by the executors, administrators, legatees or distributees of the estate of the Grantee, the Company shall be under no obligation to issue shares unless the Company is satisfied that the person or persons exercising the Option are the duly appointed legal representatives of the Grantee's estate or the proper legatees or distributees thereof.

7. Adjustments. In the event of a merger, consolidation, reorganization, recapitalization, stock dividend, stock split or other changes in corporate structure or capitalization affecting the Common Stock, the number of shares remaining to be exercised under the Option and the Purchase Price shall be appropriately adjusted by the Committee in accordance with the terms and provisions of the Plan. If, as a result of any adjustment under this paragraph, the Grantee becomes entitled to a fractional share, he or she shall have the right to purchase only the adjusted number of full shares and no payment or other adjustment will be made with respect to the fractional share so disregarded.

8. Miscellaneous. All decisions or interpretations of the Committee with respect to any question arising under the Plan or under the Option shall be subject to Section 11 of the Retirement Agreement. The waiver by the Company of any provision of the Option shall not operate as or be construed to be a subsequent waiver of the same provision or a waiver of any other provision of the Option. The Option shall be irrevocable and its validity and construction shall be governed by the laws of the State of Connecticut. The terms and conditions set forth in the Option are subject in all respects to the terms and conditions of the Retirement Agreement and the Plan, which shall be controlling. Grantee agrees to execute such other agreements, documents, or assignments as may be necessary or desirable to effect the purposes of the Option.

9. Binding Effect. The grant of this Option shall be binding and effective only if this Certificate is executed by or on behalf of the Company.

10. Capitalized Terms. The term "Disability" has the meaning set forth in Section 6(a) of the Retirement Agreement. All other capitalized terms used in this Certificate which are not defined herein or on the front of this certificate shall have the meanings given them in the Plan unless the context clearly requires otherwise.

EXHIBIT 10.2 (d)

2013 Long-Term Incentive Plan

Restricted Stock Unit Award

Subject to the terms and conditions set forth in this Certificate,

John F. Lundgren *has been awarded* _______________ *Restricted Stock Units as follows:*

Grant Date: ***December 2, 2016***
Vests: 50% on April 30, 2018 and 50% on April 30, 2019

Stanley Black & Decker, Inc.

As a member of the Stanley Black & Decker team, your skills and contributions are vital to our Company's and its Shareholders continued success. This award of restricted stock units provides you with the opportunity to earn significant financial rewards for your efforts and contributions to making Stanley Black & Decker the most successful company it can be.

On behalf of the Board of Directors, Congratulations.

____
James M. Loree
Chief Executive Officer
Stanley Black & Decker, Inc.

RESTRICTED STOCK UNIT AWARD TERMS

1. **Grant of Restricted Stock Units.** This certifies that Stanley Black & Decker, Inc. (the "Company") has on the Award Date specified in this Award Certificate granted to the Participant named above an award (the "Award") of that number of Restricted Stock Units set forth in this Award Certificate, subject to certain restrictions and on the terms and conditions contained in this Award Certificate and the terms and conditions of (a) the Executive Retirement Agreement between the Grantee and the Company dated July 21, 2016 (the "Retirement Agreement") and (b) 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 this Award Certificate, the terms of the Plan shall govern. In the event of any conflict between the terms of the Plan, this Award Certificate and the Retirement Agreement, the terms of the Retirement Agreement shall govern.

2. **Dividend Equivalents**. Amounts equal to the dividends and distributions paid on shares of the Company's Common Stock, $2.50 par value per share (the "Common Stock"), shall be accrued for the benefit of the Participant to the same extent as if each Restricted Stock Unit then held by Participant was a share of Common Stock and shall vest and be distributed to the Participant in cash as the Restricted Stock Units vest.

3. **Vesting.** Subject to the terms and conditions of this Certificate and the Plan, the Restricted Stock Units shall vest (i) in two equal installments on each of the first two anniversaries of the Retirement Date (as defined in the Retirement Agreement) or (ii) if earlier, upon the occurrence of any of the events that cause the Award to become immediately and fully vested pursuant to Section 3(c)(ii) of the Retirement Agreement.

4. **Settlement of Restricted Stock Units.** Upon vesting of Participant's Restricted Stock Units, the Restricted Stock Units shall be canceled and in exchange therefor the Company shall cause a number of shares of Common Stock equal to the number of the Restricted Stock Units then canceled to be issued to the Participant in book-entry form. Any shares of Common Stock issued with respect to the Restricted Stock Units shall be fully registered and freely transferable.

5. **Forfeiture.** If, prior to vesting of the Restricted Stock Units pursuant to Section 3, (x) the Participant's employment is terminated by the Company for Cause or by the Participant without Good Reason (including a retirement), in each case as defined in the Retirement Agreement, prior to the Retirement Date or (y) the Participant fails to comply in all material respects with the Covenants prior to an Anniversary Date (or, in the case of a termination of employment set forth in item (x) above), as defined in the Retirement Agreement, then Participant's rights to all of the unvested Restricted Stock Units shall be immediately and irrevocably forfeited and no shares of Common Stock shall be issued in respect thereof.

6. **Death and Disability**. Upon Participant's death or if Participant's employment is terminated as a result of Participant's Disability, the Restricted Stock Units shall become immediately vested in full. "Disability" has the meaning provided in Section 6(a) of the Retirement Agreement.

7. **Restriction on Transfer.** Restricted Stock Units shall not be assignable, alienable, saleable, or transferable. Notwithstanding the foregoing, Participant may, in the manner established by the Committee, designate a beneficiary or beneficiaries to receive shares of Common Stock with respect to the Restricted Stock Units upon the death of Participant.

8. **Income Tax Matters.**

(a) In order to comply with all applicable federal or state income tax laws or regulations, the Company may take such action as it deems appropriate to ensure that all applicable federal or state payroll, withholding, income or other taxes, which are the sole and absolute responsibility of Participant, are withheld or collected from Participant.

(b) In accordance with the terms of the Plan, and such rules as may be adopted by the Committee under the Plan, Participant may elect to satisfy Participant's income tax withholding obligations arising from the vesting of the Restricted Stock Units by (i) delivering cash, check (bank check, certified check or personal check) or money order payable to the Company, (ii) having the Company withhold a portion of the Shares otherwise to be delivered having a Fair Market Value equal to the minimum statutorily required amount of such taxes, or (iii) delivering to the Company shares of Common Stock already owned by Participant having a Fair Market Value equal to the minimum statutorily required amount of such taxes. Any shares already owned by Participant referred to in the preceding sentence must have been owned by Participant for no less than six months prior to the date delivered to the Company if such shares were acquired upon the exercise of an option or upon the vesting of restricted stock units or restricted stock.

9. **Other.** The Company shall not be required to issue any certificate or certificates for shares upon vesting of the Restricted Stock Units (i) if the Common Stock is not listed on any national securities exchange, (ii) prior to the completion of any registration or other qualification of such shares under any state or federal law or rulings or regulations of any governmental regulatory body, and (iii) prior to the Company obtaining any consent or approval or other clearance from any governmental agency which the Company shall, in its sole discretion, determine to be necessary or advisable. Shares to be issued in respect of Restricted Stock Units will be issued only in compliance with the Securities Act of 1933, as amended (the "Act"), and any other applicable securities laws, and the Participant shall comply with any requirements imposed by the Committee under such laws. If the Participant qualifies as an "affiliate" (as that term is defined in Rule 144 ("Rule 144") promulgated under the Act), upon demand by the Company, the Participant (or any person acting on his or her behalf) shall deliver to the Treasurer at the time of vesting of the Restricted Stock Units a written representation that he or she will acquire shares pursuant to the Plan for his or her own account, that he or she is not taking the shares with a view to distribution and that he or she will dispose of the shares only in compliance with Rule 144.

10. **No right to employment.** This Restricted Stock Unit Award does not confer on Participant any right with respect to the continuation of employment with the Company or any Affiliate, nor will it interfere in any way with the right of the Company or any Affiliate to terminate the Participant's employment at any time.

11. **Miscellaneous.** All decisions or interpretations of the Committee with respect to any question arising under the Plan or this Restricted Stock Unit Award shall be subject to Section 11 of the Retirement Agreement. The waiver by the Company of any provision of this Restricted Stock Unit Award shall not operate as or be construed to be a subsequent waiver of the same provision or of any other provision of the Award. The validity and construction of the Restricted Stock Unit Award shall be governed by the laws of the State of Connecticut. Participant agrees to execute such other agreements, documents or assignments as may be necessary or desirable to effect the purposes of this Restricted Stock Unit Award.

12. **Binding Effect.** The grant of this Award shall be binding and effective only if this Award Certificate is executed by or on behalf of the Company.

13. **Capitalized Terms.** All capitalized terms used in this certificate which are not defined in this certificate shall have the meanings given them in the Plan unless the context clearly requires otherwise.

StanleyBlack&Decker

2013 Long-Term Incentive Plan

Restricted Stock Unit Award

Subject to the terms and conditions set forth in this Certificate,

***<Name>** has been awarded **<Number>** Restricted Stock Units as follows:*

*Grant Date: **<Date>***
Vests: as set forth in your Equity Plan account for this Award

Stanley Black & Decker, Inc.

As a member of the Stanley Black & Decker team, your skills and contributions are vital to our Company's and its Shareholders continued success. This award of restricted stock units provides you with the opportunity to earn significant financial rewards for your efforts and contributions to making Stanley Black & Decker the most successful company it can be.

On behalf of the Board of Directors, Congratulations.

James M. Loree
Chief Executive Officer
Stanley Black & Decker, Inc.

RESTRICTED STOCK UNIT AWARD TERMS

1. **Grant of Restricted Stock Units.** This certifies that Stanley Black & Decker, Inc. (the "Company") has on the Award Date specified in this Award Certificate granted to the Participant named above an award (the "Award") of that number of Restricted Stock Units set forth in this Award Certificate, subject to certain restrictions and on the terms and conditions contained in this Award Certificate and the 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 this Award Certificate, the terms of the Plan shall govern.

2. **Dividend Equivalents**. Amounts equal to the dividends and distributions paid on shares of the Company's Common Stock, $2.50 par value per share (the "Common Stock"), shall be accrued for the benefit of the Participant to the same extent as if each Restricted Stock Unit then held by Participant was a share of Common Stock and shall vest and be distributed to the Participant in cash as the Restricted Stock Units vest.

3. **Vesting.** Subject to the terms and conditions of this Certificate and the Plan, the Restricted Stock Units shall vest in the amounts and on the dates specified in the Participant's UBS OneSource (or subsequent record keeper's) account for this Award, provided the Participant remains continuously employed by the Company or an Affiliate until the applicable vesting date.

4. **Settlement of Restricted Stock Units.** Upon vesting of Participant's Restricted Stock Units, the Restricted Stock Units shall be canceled and in exchange therefor the Company shall cause a number of shares of Common Stock equal to the number of the Restricted Stock Units then canceled to be issued to the Participant in book-entry form. Any shares of Common Stock issued with respect to the Restricted Stock Units shall be fully registered and freely transferable.

5. **Forfeiture Upon Termination of Employment.** If, prior to vesting of the Restricted Stock Units pursuant to Section 3, Participant ceases to be continuously employed by either the Company or an Affiliate for any reason other than Disability (as defined below) or death, then Participant's rights to all of the unvested Restricted Stock Units shall be immediately and irrevocably forfeited and no shares of Common Stock shall be issued in respect thereof. Approved leaves of absence or employment transfers between the Company or an Affiliate (or vice versa) shall not be deemed terminations or interruptions of employment for vesting of the Restricted Stock Units.

6. **Death and Disability**. Upon Participant's death or if Participant's employment is terminated as a result of Participant's Disability, the Restricted Stock Units shall become immediately vested in full. "Disability" has the meaning provided in Section 22(e)(3) of the Code, or any successor provision.

7. **Restriction on Transfer.** Restricted Stock Units shall not be assignable, alienable, saleable, or transferable. Notwithstanding the foregoing, Participant may, in the manner established by the Committee, designate a beneficiary or beneficiaries to receive shares of Common Stock with respect to the Restricted Stock Units upon the death of Participant.

8. **Income Tax Matters.**

(a) In order to comply with all applicable federal or state income tax laws or regulations, the Company may take such action as it deems appropriate to ensure that all applicable federal or state payroll, withholding, income or other taxes, which are the sole and absolute responsibility of Participant, are withheld or collected from Participant.

(b) In accordance with the terms of the Plan, and such rules as may be adopted by the Committee under the Plan, Participant may elect to satisfy Participant's income tax withholding obligations arising from the vesting of the Restricted Stock Units by (i) delivering cash, check (bank check, certified check or personal check) or money order payable to the Company, (ii) having the Company withhold a portion of the Shares otherwise to be delivered having a Fair Market Value equal to the minimum statutorily required amount of such taxes, or (iii) delivering to the Company shares of Common Stock already owned by Participant having a Fair Market Value equal to the minimum statutorily required amount of such taxes. Any shares already owned by Participant referred to in the preceding sentence must have been owned by Participant for no less than six months prior to the date delivered to the Company if such shares were acquired upon the exercise of an option or upon the vesting of restricted stock units or restricted stock.

9. **Other.** The Company shall not be required to issue any certificate or certificates for shares upon vesting of the Restricted Stock Units (i) if the Common Stock is not listed on any national securities exchange, (ii) prior to the completion of any registration or other qualification of such shares under any state or federal law or rulings or regulations of any governmental regulatory body, and (iii) prior to the Company obtaining any consent or approval or other clearance from any governmental agency which the Company shall, in its sole discretion, determine to be necessary or advisable. Shares to be issued in respect of Restricted Stock Units will be issued only in compliance with the Securities Act of 1933, as amended (the "Act"), and any other applicable securities laws, and the Participant shall comply with any requirements imposed by the Committee under such laws. If the Participant qualifies as an "affiliate" (as that term is defined in Rule 144 ("Rule 144") promulgated under the Act), upon demand by the Company, the Participant (or any person acting on his or her behalf) shall deliver to the Treasurer at the time of vesting of the Restricted Stock Units a written representation that he or she will acquire shares pursuant to the Plan for his or her own account, that he or she is not taking the shares with a view to distribution and that he or she will dispose of the shares only in compliance with Rule 144.

10. **No right to employment.** This Restricted Stock Unit Award does not confer on Participant any right with respect to the continuation of employment with the Company or any Affiliate, nor will it interfere in any way with the right of the Company or any Affiliate to terminate the Participant's employment at any time.

11. **Miscellaneous.** All decisions or interpretations of the Committee with respect to any question arising under the Plan or this Restricted Stock Unit Award shall be binding, conclusive and final. The waiver by the Company of any provision of this Restricted Stock Unit Award shall not operate as or be construed to be a subsequent waiver of the same provision or of any other provision of the Award. The validity and construction of the Restricted Stock Unit Award shall be governed by the laws of the State of Connecticut. Participant agrees to execute such other agreements, documents or assignments as may be necessary or desirable to effect the purposes of this Restricted Stock Unit Award.

12. Binding Effect. The grant of this Award shall be binding and effective only if this Award Certificate is executed by or on behalf of the Company.

13. Capitalized Terms. All capitalized terms used in this certificate which are not defined in this certificate shall have the meanings given them in the Plan unless the context clearly requires otherwise.

EXHIBIT 12

COMPUTATION OF RATIO OF EARNINGS TO FIXED CHARGES
For the fiscal years ended December 31, 2016, January 2, 2016, January 3, 2015, December 28, 2013 and December 29, 2012
(Millions of Dollars)

	Fiscal Year				
	2016	**2015**	**2014**	**2013**	**2012**
Earnings from continuing operations before income taxes and non-controlling interest	**$1,226.1**	$1,150.8	$1,084.8	$ 587.6	$ 533.1
Add:					
Interest expense	**194.5**	180.4	177.2	160.1	144.0
Portion of rents representative of interest factor	**12.6**	12.0	13.6	14.6	14.4
Income as adjusted	**$1,433.2**	$1,343.2	$1,275.6	$ 762.3	$ 691.5
Fixed charges:					
Interest expense	**$ 194.5**	$ 180.4	$ 177.2	$ 160.1	$ 144.0
Portion of rents representative of interest factor	**12.6**	12.0	13.6	14.6	14.4
Fixed charges	**$ 207.1**	$ 192.4	$ 190.8	$ 174.7	$ 158.4
Ratio of earnings to fixed charges	**6.9**	7.0	6.7	4.4	4.4

EXHIBIT 21

SUBSIDIARIES OF STANLEY BLACK & DECKER, INC.

The following is a list of all active subsidiaries of Stanley Black & Decker, Inc. as of December 31, 2016.

Corporate Name	Jurisdiction of Incorporation/ Organization
Domestic Subsidiaries	**United States**
AeroScout (US) LLC	Delaware
AeroScout LLC	Delaware
Asia Fastening (US), Inc.	Delaware
BD Abrasive LLC	Delaware
B&D Holdings, Inc.	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
DIYZ, LLC	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

Domestic Subsidiaries (continued)

RIGHTCO II, LLC	Delaware
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 Atlantic Inc.	Delaware
Stanley Access Technologies LLC	Delaware
Stanley Black & Decker, Inc.	Connecticut
Stanley Black & Decker Cayman Holdings, Inc.	Delaware
Stanley Black & Decker Chile, L.L.C.	Delaware
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
TSI Monitoring LLC	Nevada
TSI Sales & Installation LLC	Nevada
The Black & Decker Corporation	Maryland
The Farmington River Power Company	Connecticut
View Technologies, LLC	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
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
Stanley Black & Decker (Barbados) SRL	Barbados
Black & Decker Limited BVBA	Belgium
Facom Belgie 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 Europe BVBA	Belgium
Stanley Security Belgium 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	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
Besco Machinery Industry (Zhejiang) Co., Ltd.	China

International Subsidiaries (continued)	Jurisdiction of Incorporation/ Organization
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
QINGDAO SUNGUN POWER TOOL CO., LTD.	China
Shanghai Eastern Iron Hardware Co., Ltd.	China
Shanghai Emhart Fastening Systems Co., Ltd.	China
Stanley Black & Decker Precision Manufacturing (Shenzhen) Co., 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
Yong Ru Plastics Industry (Suzhou) 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 SAS	France
Black & Decker Finance SAS	France
Bost Garnache Industries SAS	France
Dubuis et Cie SAS	France
Emhart Fastening & Assembly SNC	France
Facom Holding SAS	France
Facom SAS	France
Novia SWK SAS	France
Piole Parolai Equipement SAS	France
Pro One Finance SAS	France
Societe Miniere et Commerciale SAS	France
Stanley Black & Decker France SAS	France
Stanley Black & Decker France Services SAS	France
Stanley Healthcare Solutions France Sàrl	France
Stanley Security France SAS	France

International Subsidiaries (continued)	Jurisdiction of Incorporation/ Organization
Stanley Tools SAS	France
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 Holding GmbH	Germany
Stanley Security Deutschland 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 Power Tools (Hong Kong) Limited	Hong Kong
BD Suzhou (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
Niscavah Investments Ltd	Hong Kong
Stanley Black & Decker Hungary Korlatolt Felelossegu Tarsasag	Hungary
Stanley Finance Hungary Group Financing Limited Liability Company	Hungary
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)	Jurisdiction of Incorporation/ Organization
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.à r.l.	Luxembourg
Black & Decker Asia Manufacturing Holdings 2 S.à r.l.	Luxembourg
Black & Decker Global Holdings S.à r.l.	Luxembourg
Black & Decker International Holdings S.à r.l.	Luxembourg
Black & Decker Luxembourg Finance S.C.A.	Luxembourg
Black & Decker Luxembourg S.A.R.L.	Luxembourg
Black & Decker TransAsia S.à r.l.	Luxembourg
Chesapeake Investments Company S.A.R.L.	Luxembourg
Global Fastening (Luxembourg) S.à r.l.	Luxembourg
Infastech S.à r.l.	Luxembourg
SBD European Security Holdings S.à r.l.	Luxembourg
Stanley Black & Decker Partnership Japan	Luxembourg
SBD MDGP Partnership Holdings S.à r.l.	Luxembourg
SBD Niscayah S.à r.l.	Luxembourg
Stanley Black & Decker Holdings S.à 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 Holdings B.V.	Netherlands
Chiro Tools Holdings B.V.	Netherlands
CRC-Evans B.V.	Netherlands
Emhart Teknologies B.V.	Netherlands
Interfast B.V.	Netherlands
Stanley Black & Decker Asian Holdings B.V.	Netherlands

International Subsidiaries (continued)	Jurisdiction of Incorporation/ Organization
Stanley Black & Decker Netherlands B.V.	Netherlands
Stanley European Holdings B.V.	Netherlands
Stanley European Holdings II B.V.	Netherlands
Stanley Israel Investments B.V.	Netherlands
Totaal Beveiligingen B.V.	Netherlands
Stanley Security Alarmcentrale B.V.	Netherlands
Stanley Security Nederland B.V.	Netherlands
Stanley Works Holdings B.V	Netherlands
Stanley Black & Decker Hardware 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 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
Onglin International Limited	Samoa
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, S.L.	Spain
Pacom Systems España, S.L.	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

International Subsidiaries (continued)	Jurisdiction of Incorporation/ Organization
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
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 Black & Decker MEA 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 Power Tools LTD	United Kingdom
Emhart International Limited	United Kingdom
Facom UK 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 Finance 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
Tucker Fasteners Limited	United Kingdom
Universal Inspection Systems Limited	United Kingdom

International Subsidiaries (continued)	Jurisdiction of Incorporation/ Organization
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

EXHIBIT 23

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 15, 2017 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 December 31, 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 15, 2017

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 December 31, 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/ James M. Loree James M. Loree	President and Chief Executive Officer, Director	February 15, 2017
/s/ Andrea J. Ayers Andrea J. Ayers	Director	February 15, 2017
/s/ George W. Buckley George W. Buckley	Director	February 15, 2017
/s/ Patrick D. Campbell Patrick D. Campbell	Director	February 15, 2017
/s/ Carlos M. Cardoso Carlos M. Cardoso	Director	February 15, 2017
/s/ Robert B. Coutts Robert B. Coutts	Director	February 15, 2017
/s/ Debra A. Crew Debra A. Crew	Director	February 15, 2017
/s/ Michael D. Hankin Michael D. Hankin	Director	February 15, 2017
/s/ Anthony Luiso Anthony Luiso	Director	February 15, 2017
/s/ Marianne M. Parrs Marianne M. Parrs	Director	February 15, 2017
/s/ Robert L. Ryan Robert L. Ryan	Director	February 15, 2017

EXHIBIT 31.1(a)

CERTIFICATIONS

I, James M. Loree, 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/ James M. Loree
Date: February 15, 2017	James M. Loree
	President 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 15, 2017	Donald Allan Jr.
	Executive 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 December 31, 2016 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, James M. Loree, President 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/ James M. Loree

James M. Loree
President and Chief Executive Officer
February 15, 2017

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 December 31, 2016 as filed with the Securities and Exchange Commission on the date hereof (the “Report”), I, Donald Allan Jr., Executive 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.
Executive Vice President and Chief Financial Officer
February 15, 2017

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