



**OFFICE OF  
STATE TREASURER  
DENISE L. NAPPIER**

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# NEWS

**FOR IMMEDIATE RELEASE**

Friday, May 3, 2002

## **NAPPIER CALLS ON *THE STANLEY WORKS* TO RECONSIDER PLAN TO RE-INCORPORATE FROM CONNECTICUT TO BERMUDA**

*Says Increased Likelihood of Congressional Action, Weakening of Shareholders Rights  
Should be Considered by Company's Board Prior to Shareholder Vote*

(Hartford) -- State Treasurer Denise L. Nappier is calling on Connecticut-based The Stanley Works to reconsider plans to move its site of incorporation from Connecticut to Bermuda. The plan is scheduled to be voted on by shareholders at the company's annual meeting Thursday (May 9) in New Britain.

Nappier said that since the Board of Directors adopted the re-incorporation plan on February 7, 2002, citing potential tax savings (reported to be between \$30 and \$50 million annually), Congressional proposals that would retroactively eliminate or substantially reduce the anticipated tax benefits have gained considerable bi-partisan support and increasing momentum in Congress.

In a letter sent Friday to Stanley Works Chairman of the Board & Chief Executive Officer John M. Trani, Nappier said the company's proxy statement points out "the benefits of the reorganization could be reduced or eliminated if there are unfavorable changes in or interpretation of tax laws."

Nappier noted that the proxy statement also indicates that members of the Board "have not revisited" their February decision to support the re-incorporation plan since legislation by Reps. James Maloney (D-CT), Scott McInnis (R-Co), and Richard Neal (D-MA) was introduced. "The risk to shareholders," Nappier said, "appears to have increased."

The anticipated tax and related ancillary benefits of the proposed reorganization as presented to the Board of Directors "may have been compelling at that time," Nappier said. "However, since then much has happened," Treasurer Nappier added, noting the changing Congressional outlook for passage of legislation and the announcement by the United States Treasury that it is reviewing the ramifications of the increasing number of overseas re-incorporations by American companies.

"It would be prudent to re-poll the members of your Board after they have had an opportunity to consider the impact of recent events, and whether an economic and risk analysis done to day might suggest a different course of action," Nappier said.

Nappier also said she was concerned that the weakening of shareholders' rights that would result from the proposed re-incorporation "have not been fully addressed" by the company.

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"Our ongoing analysis indicates that rights of shareholders would be substantially weakened, and that important areas of legal rights and corporate governance would be adversely affected by a re-incorporation in Bermuda. We believe these critical issues also deserve the Board's reconsideration," Nappier said.

Under Connecticut law the State Treasurer is required to act prudently and in the long-term economic interest of plan participants and beneficiaries, to consider the social, economic and environmental implications of particular investments, and take into account the impact of our investments on United States foreign policy and national interests.

The Treasurer recognized The Stanley Works' "long and proud history in the State of Connecticut," and said "a careful re-examination of the issues and reconsideration of the intention to reincorporate in Bermuda is in the best interests of the company and its shareholders."

The Treasurer said she was interested in pursuing a discussion with the company on the issues outlined in her letter prior to next Thursday's Annual Meeting. Treasurer Nappier is principal trustee of the Connecticut Retirement Plans and Trust Funds (CRPTF), which owns 16,600 shares of Stanley Works, worth approximately \$789,000. A 2/3 vote is needed to pass the re-incorporation plan at the annual meeting.