



STATE OF CONNECTICUT NEWS RELEASE

Attorney General Richard Blumenthal
State Treasurer Denise L. Nappier

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ATTORNEY GENERAL, TREASURER TELL SEC THAT STANLEY WORKS IS MAKING SAME MISTAKE TWICE; NEW PROXY MISINFORMS SHAREHOLDERS AGAIN

Connecticut Officials Press Call for Investigation Prior to New Vote

Attorney General Richard Blumenthal and State Treasurer Denise L. Nappier said today that Stanley Works has provided shareholders for a second time with the same inaccurate and misleading information that led the company to throw out the results of May vote on reincorporation to Bermuda.

In a letter to Securities and Exchange Commission Chairman Harvey Pitt, Nappier and Blumenthal said that recent documents filed by Stanley Works "repeat the erroneous misinformation" and "continue to raise serious questions regarding Stanley's ability and intent to give shareholders accurate information about the proposed vote and their rights."

The Connecticut officials, citing "escalating concerns" again urged the SEC to investigate both the circumstances surrounding the first vote and the information provided to shareholders in preparation for a new vote on the controversial issue of reincorporation to Bermuda, calling on the Commission to "block any shareholder vote until the inquiry is complete."

A date for the new vote cannot be set until the SEC approves the proxy materials filed by the company. That approval is pending.

Blumenthal and Nappier said that as part of an SEC investigation of the initial vote, they would provide "information that reveals pressures on employee shareholders to support the move, and obstacles placed in the paths of employees who wished to attend the meeting and voice their opposition."

The company's new proxy statement and a July 12, 2002 filing of Form 11-K with the SEC give conflicting descriptions of how the Stanley 401(k) participants that do not return proxy cards would have their shares voted -- precisely the same conflicting instructions that were provided to shareholders in the first vote. In the proxy statement, Stanley says that the shares of individuals that do not return a proxy card "will be voted in the same proportion" as shares for which votes are cast. The Form 11-K states,

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however, that votes cannot be cast at all on behalf of shareholders who do not return proxy cards.

“This completely inaccurate statement is precisely the misrepresentation that Stanley made in connection with the May 9, 2002 vote that resulted in the vote being withdrawn. Incredibly, this misstatement was repeated,” Nappier and Blumenthal said.

“This continued pattern of conflicting representations about voting procedures – especially occurring at a time when the Stanley vote and proxy statements have been subjected to close scrutiny and the need for accuracy has been emphasized – reflects at best a cavalier disregard by Stanley of its obligations to provide complete and accurate information to shareholders,” the letter said.

The officials also noted that the most recent company filing “continues to give conflicting information on material issues. Stanley now admits in one part of the statement that Bermuda law is disadvantageous for shareholders. Yet, Stanley persists in misleading shareholders by asserting that the reincorporation proposal will not materially impair shareholder rights.”

Blumenthal and Nappier cite a series of examples of weakened and diminished shareholder rights, including the likelihood of enforcement of legal judgments and the accessibility of the Bermuda legal system, that Stanley Works had previously denied, and now admits.

“These belated and reluctant concessions are utterly in conflict with the continued assertion that shareholders will not lose important rights under the proposed reincorporation.”

“Particularly during these times when the need for truthful and fair information from corporate executives has never been more critical, the protection of shareholders interests and the confidence of the public demand a full investigation by the Commission and a delay in the reincorporation vote until all questions have been adequately resolved.”

On May 10th, Blumenthal and State Treasurer Denise L. Nappier successfully sued to prevent the overseas move based on the May 9th shareholder vote, which narrowly approved the reincorporation, amid questions of irregularities in the conduct of the vote. Within hours of the court action, Stanley Works threw out the results of the vote and announced plans for a second vote.

In addition to the letter sent today to Pitt, Nappier and Blumenthal noted that recent action by Congressional committees could potentially affect the company’s financial outlook in the event of a reincorporation in Bermuda. Legislation spearheaded by CT Congresswoman Rosa DeLauro, approved by a House committee, would prohibit future federal government contracts with U.S. companies that reincorporate to tax havens such as Bermuda. Also, House Republican leaders have introduced legislation that would impact offshore reincorporations. Previously, House Democrats, led by CT Congressman James Maloney and Massachusetts Congressman Richard Neal had introduced similar legislation. Bills on the subject are now being advocated by members of both parties in both the Senate and House.

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