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**Black & Decker
Investment Company**

Report and Accounts

31 December 1999



Black & Decker Investment Company

DIRECTORS

C. B. Powell-Smith	(Chairman)
N. R. Judd	(President) (resigned 2 May 2000)
S. R. Hill	(President) (appointed 2 May 2000)
C. G. Watson	(Treasurer) (resigned 31 October 1999)
G. H. Johnston	(Treasurer) (appointed 31 October 1999)
G. Chakravarthi	(Resigned 2 May 2000)
M. Rothleitner	(Vice-Chairman)
D. A. Watt	(Appointed 2 May 2000)

SECRETARY

C. G. Watson	(Resigned 31 October 1999)
N. R. Judd	(Appointed 31 October 1999 and resigned 2 May 2000)
S. R. Hill	(Appointed 2 May 2000)

AUDITORS

Ernst & Young
Apex Plaza
Reading
RG1 1YE

REGISTERED OFFICE

210 Bath Road
Slough
Berkshire SL1 3YD

REGISTERED IN ENGLAND

FC10558

Black & Decker Investment Company

DIRECTORS' REPORT

The directors present herewith their report for the year ended 31 December 1999.

RESULTS AND DIVIDENDS

The results for the year are set out in the profit and loss account on page 5.

Dividends amounting to £40,894,000 (1998: £39,732,000) were declared in the year.

ACTIVITIES AND REVIEW OF THE DEVELOPMENT OF THE BUSINESS

The principal activity of the company during the year was the ownership of preference stock in the immediate holding undertaking.

The company is incorporated in the United States of America and is registered in the United Kingdom as an overseas company under Part XXIII of the Companies Act, 1985.

FIXED ASSETS

Fixed assets are dealt with in note 7 to the accounts.

DIRECTORS

The directors who served during the year and to the date of this report are listed on page 1.

DIRECTORS' INTERESTS

The directors have no beneficial interests in the shares of the company. No material contract or arrangement entered into by the company in which any director is interested has subsisted during the year.

YEAR 2000 COMPLIANCE

The company program to deal with potential Year 2000 issues resulted in a successful transition with no material issues arising.

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE ACCOUNTS

Company law requires the directors to prepare accounts for each financial year which give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing those accounts, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the accounts;
- prepare the accounts on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and which enable them to ensure that the accounts comply with the Companies Act, 1985. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Black & Decker Investment Company

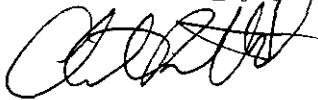
DIRECTORS' REPORT

AUDITORS

Ernst & Young have expressed their willingness to continue in office as auditors and a resolution proposing their reappointment will be submitted at the annual general meeting.

By order of the board

21 DEC 2000



Secretary

 ERNST & YOUNG

REPORT OF THE AUDITORS**To the members of Black & Decker Investment Company**

We have audited the accounts on pages 5 to 10 which have been prepared under the historical cost convention and the accounting policies set out on page 7.

Respective responsibilities of directors and auditors

As described on page 2 the company's directors are responsible for the preparation of the accounts in accordance with applicable United Kingdom law and accounting standards. It is our responsibility to form an independent opinion, based on our audit, on those accounts and to report our opinion to you. Our responsibilities, as independent auditors, are established in the United Kingdom by statute, the Auditing Practices Board and by our profession's ethical guidance.

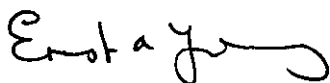
Basis of opinion

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the accounts. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the accounts, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the accounts are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the accounts.

Opinion

In our opinion, the accounts give a true and fair view of the state of affairs of the company as at 31 December 1999 and of its profit for the year then ended.



Registered Auditor
Reading

3 January 2001

Black & Decker Investment Company

PROFIT AND LOSS ACCOUNT for the year ended 31 December 1999

	<i>Note</i>	<i>1999</i> <i>£'000</i>	<i>1998</i> <i>£'000</i>
Administrative expenses		19	24
OPERATING LOSS	3	(19)	(24)
Other income	4	40,894	39,732
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		40,875	39,708
Tax on profit on ordinary activities	5	-	-
PROFIT FOR THE FINANCIAL YEAR		40,875	39,708
Dividends - equity and non equity	6	(40,894)	(39,732)
RETAINED LOSS FOR THE FINANCIAL YEAR	10	(19)	(24)
STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES			
Profit for the financial year		40,875	39,708
Net unrealised exchange profit on US dollar investments and preferred stock		387	305
Total recognised gains and losses relating to the year		41,262	40,013

Black & Decker Investment Company

BALANCE SHEET

at 31 December 1999

	Note	1999 £'000	1998 £'000
FIXED ASSETS			
Investments in group undertakings	7	268,201	260,583
		<hr/>	<hr/>
CREDITORS: amounts falling due within one year	8	(98)	(79)
		<hr/>	<hr/>
NET CURRENT LIABILITIES		(98)	(79)
		<hr/>	<hr/>
TOTAL ASSETS LESS CURRENT LIABILITIES		268,103	260,504
		<hr/>	<hr/>
CAPITAL AND RESERVES			
Called up share capital - equity and non equity	9	254,606	247,375
Share premium account	10	14,373	14,373
Profit and loss account	10	(876)	(1,244)
		<hr/>	<hr/>
Shareholders' funds		268,103	260,504
		<hr/>	<hr/>

ERNST & YOUNG

Approved by the board on

21 DEC 2000



)
) Directors
)

Black & Decker Investment Company

NOTES TO THE ACCOUNTS for the year ended 31 December 1999

1. THE COMPANY

The company is incorporated in the United States of America and is registered in the United Kingdom as an overseas company under Part XXIII of the Companies Act, 1985.

The accounting records of the company are maintained in pounds sterling.

2. ACCOUNTING POLICIES

Accounting convention

The accounts are prepared under the historical cost convention and in accordance with applicable accounting standards.

Foreign currencies

Transactions in foreign currencies are translated into sterling at rates of exchange ruling at the date of the transaction. Monetary assets and liabilities are translated at rates of exchange ruling at the year end. All differences are taken to the profit and loss account with the exception of the difference arising on US dollar denominated preferred stock, used to provide a hedge against US dollar denominated investments, which is taken directly to reserves together with the exchange difference arising on the carrying amount of the related investments.

Investment income

Dividend income is credited to the profit and loss account when declared. Interest on short term time deposits is accounted for on an accruals basis.

Cash flow statement

A cash flow statement has not been prepared as the company is exempt under Financial Reporting Standard 1 (revised).

3. OPERATING LOSS is stated after charging:

	1999 £'000	1998 £'000
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Auditors' remuneration

Audit

Other

2

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The company does not employ any staff, the business and administration of the company being carried out by staff of another group undertaking for a management charge which is included in administrative expenses.

The directors received no remuneration during the year (1998: £Nil).

4. OTHER INCOME

	1999 £'000	1998 £'000
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Dividends receivable from immediate holding undertaking

40,894

39,732

Black & Decker Investment Company

NOTES TO THE ACCOUNTS

for the year ended 31 December 1999

5. TAXATION

There is no tax liability for the year. Management expenses in the year will be carried forward to set off against future profits.

6. DIVIDENDS

	1999 £'000	1998 £'000
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Dividends were paid as follows:

Common stock	4,220	4,101
Preference stock	36,674	35,631
	<hr/>	<hr/>
	40,894	39,732
	<hr/>	<hr/>

7. INVESTMENTS IN GROUP UNDERTAKINGS

	1999 £'000	1998 £'000
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Share at cost:

Fellow group undertakings

Black & Decker Holdings Inc	268,159	260,541
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Black & Decker (US) Inc	42	42
	<hr/>	<hr/>
	268,201	260,583
	<hr/>	<hr/>

The increase in investment cost during the year represents an unrealised exchange gain of £7,618,000 on retranslating US dollar denominated preferred stock investments at year end rates of exchange. The exchange gain has been taken to reserves as it is substantially hedged by an unrealised exchange loss on the company's issued US dollar preferred stock (see note 9).

Investments comprise:

	1999 £'000	1998 £'000
Black & Decker Holdings Inc		
2,320,620 15.25% cumulative preferred stock of US\$100 each	144,380	140,278
164,700 15.25% series 'A' cumulative preferred stock of US\$100 each	10,247	9,956
750,000 15.25% series 'B' cumulative preferred stock of US\$100 each	46,662	45,336
131,000 15.25% series 'C' cumulative preferred stock of US\$100 each	8,150	7,919
195,500 15.25% series 'D' cumulative preferred stock of US\$100 each	12,163	11,818
300,000 15.25% series 'E' cumulative preferred stock of US\$100 each	18,665	18,135
448,300 15.25% series 'F' cumulative preferred stock of US\$100 each	27,892	27,099
	<hr/>	<hr/>
	268,159	260,541
	<hr/>	<hr/>

Black & Decker (US) Inc.

The shares in Black & Decker (US) Inc. are 1,000 class B (non voting) common stock, par value US\$100 each.

The directors believe the market value of investments is not less than their stated cost.

Black & Decker Investment Company

NOTES TO THE ACCOUNTS

for the year ended 31 December 1999

8.	CREDITORS: amounts falling due within one year	<i>1999</i> <i>£'000</i>	<i>1998</i> <i>£'000</i>
	Accruals	31	42
	Amounts owed to fellow subsidiary undertakings	67	37
		<hr/>	<hr/>
		98	79
		<hr/>	<hr/>
9.	CALLED UP SHARE CAPITAL	<i>1999</i> <i>No.</i>	<i>1998</i> <i>No.</i>
	Authorised:		
	Cumulative preferred stock of US\$160 each	5,000,000	5,000,000
	Common stock shares of US\$10 each	15,000	15,000
		<hr/>	<hr/>
		<i>£'000</i>	<i>£'000</i>
	Allotted, called up and fully paid:		
	12,801 common stock shares of US\$10 each	70	70
	2,415,800 15.25% cumulative preferred stock of US\$160 each	254,536	247,305
		<hr/>	<hr/>
		254,606	247,375
		<hr/>	<hr/>

The increase in sterling value of preferred stock arises from the retranslation of US dollar stock using year end rates of exchange. The resulting unrealised exchange loss has been taken to reserves as it represents a hedge against substantially all the US dollar preferred stock investment in Black & Decker Holdings Inc (see note 7).

NOTES TO THE ACCOUNTS
for the year ended 31 December 1999

10. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS AND MOVEMENTS ON RESERVES

	<i>Share capital £'000</i>	<i>Share premium £'000</i>	<i>Profit and loss account £'000</i>	<i>Total shareholders' Funds £'000</i>
At 31 December 1997	241,679	14,373	(1,525)	254,527
Profit attributable to members of the company	-	-	39,708	39,708
Net foreign exchange movements	5,696	-	305	6,001
Dividends	-	-	(39,732)	(39,732)
At 31 December 1998	247,375	14,373	(1,244)	260,504
Profit attributable to members of the company	-	-	40,875	40,875
Net foreign exchange movements	7,231	-	387	7,618
Dividends	-	-	(40,894)	(40,894)
At 31 December 1999	254,606	14,373	(876)	268,103
Shareholders' funds are attributable as follows:			<i>1999 £'000</i>	<i>1998 £'000</i>
Equity interests			13,567	13,199
Non equity interests			254,536	247,305
			268,103	260,504

11. RELATED PARTY TRANSACTIONS

The company has taken advantage of the exemptions in Financial Reporting Standard 8 not to disclose related party transactions with group undertakings as the ultimate holding undertaking publishes consolidated accounts.

The directors consider the ultimate controlling party to be The Black & Decker Corporation.

12. ULTIMATE HOLDING UNDERTAKING

The company's ultimate holding undertaking is The Black & Decker Corporation, incorporated in the United States of America.

The largest group in which the results of the company are consolidated is that headed by The Black & Decker Corporation and accounts are available from The Black & Decker Corporation, 701 East Joppa Road, Towson, Maryland 21286, USA.