

THE STANLEY WORKS

**COMPENSATION AND ORGANIZATION
COMMITTEE CHARTER**

Purpose

The Compensation and Organization Committee is appointed by the Board to assist the Board in discharging its responsibilities relating to compensation of the Company's Chief Executive Officer (the "CEO") and all of the Company's other executive officers (the "Senior Executives"). The Committee has overall responsibility for (i) evaluating and making recommendations to the Board regarding all compensation plans, policies and programs of the Company as they affect the CEO and the Senior Executives; (ii) reviewing and discussing with management the Company's compensation discussion and analysis ("CD&A") to be included in the Company's annual proxy statement and annual report on Form 10-K filed with the Securities and Exchange Commission ("SEC"); and (iii) providing the Compensation Committee Report as required by the rules of the SEC.

Committee Membership

The Compensation and Organization Committee shall consist of no fewer than three members. The members of the Compensation and Organization Committee shall meet the independence requirements of the New York Stock Exchange.

The members of the Compensation and Organization Committee shall be appointed by the Board on the recommendation of the Corporate Governance Committee. Compensation and Organization Committee members may be replaced by the Board. Members of the Committee shall also qualify as "non-employee directors" within the meaning of Rule 16b-3 promulgated under the Securities Exchange Act of 1934, as amended, and "outside directors" within the meaning of Section 162(m) of the Internal Revenue Code of 1986, as amended.

Committee Authority and Responsibilities

1. The Compensation and Organization Committee shall assist the Board in developing and evaluating candidates for executive positions, including the CEO, and shall oversee the development of executive succession plans.
2. The Compensation and Organization Committee shall review and, after consulting with the Board, approve the corporate goals and objectives relevant to CEO compensation, evaluate the CEO's performance in light of those goals and objectives, and, together with the other independent directors, determine and approve the CEO's compensation level based on this evaluation. In evaluating the incentive components of CEO compensation, the Compensation and Organization Committee shall consider the Company's performance and relative

shareholder return, the value of similar incentive awards to CEOs at comparable companies, and the awards given to the CEO in past years.

3. The Compensation and Organization Committee shall, at least annually, review and make recommendations to the Board regarding the annual compensation and annual incentive opportunities of the Senior Executives and equity-based plans for Senior Executives that are subject to Board approval. In addition, periodically and as and when appropriate, the Compensation and Organization Committee shall review and make recommendations to the Board regarding the following as they affect the CEO and the Senior Executives: (a) all other incentive awards and opportunities, including both cash-based and equity-based awards and opportunities; (b) any employment agreements and severance arrangements; (c) any change-in-control agreements and change-in-control provisions affecting any elements of compensation and benefits. Finally, the Compensation and Organization Committee shall review and make recommendations to the Board regarding any special or supplemental compensation and benefits for the CEO and the Senior Executives and persons who formerly served as the CEO and/or as Senior Executives, including supplemental retirement benefits and the perquisites provided to them during and after employment.
4. The Compensation and Organization Committee shall have the sole authority to retain and terminate any compensation consultant to be used to assist it in the evaluation of CEO or Senior Executive compensation and shall have sole authority to approve the consultant's fees and the other terms and conditions of the consultant's retention. The Compensation and Organization Committee shall also have authority to obtain advice and assistance from internal or external legal, accounting or other advisors.
5. The Compensation Committee shall review and discuss with management the Company's CD&A, and based on that review and discussion, recommend to the Board that the CD&A be included in the Company's annual proxy statement and annual report on Form 10-K.
6. The Compensation Committee shall provide the Compensation Committee Report in accordance with the rules and regulations of the SEC for inclusion in the Company's annual proxy statement or annual report on Form 10-K.
7. The Compensation and Organization Committee may form and delegate authority to subcommittees when appropriate.
8. The Compensation and Organization Committee shall make regular reports to the Board.
9. The Compensation and Organization Committee shall review and reassess the adequacy of this Charter annually and recommend any proposed changes to the Board for approval. The Compensation and Organization Committee shall annually review its own performance.