FORM 10-K/A

Annual report pursuant to section 13 and 15(d) [amend]

Filing Date: **1994-08-25** | Period of Report: **1994-01-01**
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FILER

STANLEY WORKS
CIK:**93556**| IRS No.: **060548860** | State of Incorp.:**CT** | Fiscal Year End: **1231**
Type: **10-K/A** | Act: **34** | File No.: **001-05224** | Film No.: **94546026**
SIC: **3420** Cutlery, handtools & general hardware

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NEW BRITAIN CT 06053
2032255111

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

Form 10-K/A
ANNUAL REPORT

(Mark One)
X ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934 [FEE REQUIRED]

For the fiscal year ended January 1, 1994

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934 [NO FEE REQUIRED]
For the transition period from to
Commission file 1-5224

The Stanley Works
(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)

(203) 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--Par Value $2.50 Per Share	New York Stock Exchange
	Pacific Stock Exchange

9% Notes due 1998
7 3/8% Notes Due December 15, 2002

Securities registered pursuant to Section 12(g) of the Act: None

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 X 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 [ ].

The aggregate market value of Common Stock, Par Value $2.50 Per Share, held by non-affiliates (based upon the closing sale price on the New York Stock Exchange) on March 28, 1994 was approximately $1.75 billion.
As of March 28, 1994, there were 44,848,818 shares of Common Stock, Par Value $2.50 Per Share, outstanding.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the Annual Report to shareholders for the year ended January 1, 1994 are incorporated by reference into Parts I and II.

Portions of the definitive Proxy Statement dated March 9, 1994, filed with the Commission pursuant to Regulation 14A, are incorporated by reference into Part III.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the

Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

THE STANLEY WORKS

By Theresa F. Prime
Theresa F. Prime, Vice President
and Controller (Chief Accounting
Officer)

August 25, 1994

<TABLE>

SCHEDULE V - PROPERTY, PLANT AND EQUIPMENT
THE STANLEY WORKS AND SUBSIDIARIES
Fiscal years ended January 1, 1994, January 2, 1993 and December 28, 1991
(In Millions of Dollars)

<CAPTION>

COL. A CLASSIFICATION	COL. B Balance at Beginning of Period	COL. C Additions at Cost (2)	COL. D Retirements	COL. E Other Changes Add(Deduct) Describe(1)	COL. F Balance at End of Period
Fiscal year ended January 1, 1994:					
<S>	<C>	<C>	<C>	<C>	<C>
Land	$ 30.7	$ 2.7	$ (0.7)	$ (0.3)	$ 32.4
Buildings	229.5	17.2	(3.9)	(3.1)	239.7
Machinery and equipment	828.6	57.6	(33.2)	(6.1)	846.9
	$ 1,088.8	$ 77.5	$ (37.8)	$ (9.5)	$ 1,119.0
Fiscal year ended January 2, 1993:					
Land	$ 30.1	$ 2.3	$ (1.2)	$ (0.5)	$ 30.7
Buildings	217.8	17.8	(2.9)	(3.2)	229.5
Machinery and equipment	797.6	70.4	(20.0)	(19.4)	828.6
	$ 1,045.5	$ 90.5	$ (24.1)	$ (23.1)	$ 1,088.8
Fiscal year ended December 28, 1991:					
Land	$ 23.5	$ 7.2	$ (0.6)	$ 0.0	$ 30.1
Buildings	203.4	16.2	(2.9)	1.1	217.8
Machinery and equipment	752.5	68.7	(22.7)	(0.9)	797.6
	$ 979.4	$ 92.1	$ (26.2)	$ 0.2	$ 1,045.5

<FN>
Note: (1) Foreign currency translation adjustments and reclassifications between categories.
(2) Additions in 1993, 1992 and 1991 include $8.8, $25.0, and $28.7 respectively, related to acquisitions described in Note B to the consolidated financial statements. Other additions for the years shown consist principally of expenditures for productivity improvements and expansion for production facilities.

</TABLE>

Management Report on Responsibility for Financial Reporting

The management of The Stanley Works is responsible for the preparation, integrity and objectivity of the accompanying financial statements. The statements were prepared in accordance with generally accepted accounting principles. Preparation of financial statements and related data involves our best estimates and the use of judgment. Management also prepared the other information in the Annual Report and is responsible for its accuracy and consistency with the financial statements.

The company maintains a system of internal accounting controls which is designed to provide reasonable assurance, at appropriate cost, as to the reliability of financial records and the protection of assets. This system includes monitoring by a staff of internal auditors. It is further characterized by care in the selection of competent financial managers, by organizational arrangements that provide for delegation of authority and division of responsibility and by disseminating policies and procedures throughout the company.

The Stanley Works also recognizes its responsibility for fostering a strong, ethical climate so that the company's affairs are conducted according to the highest standards of personal and business conduct. This responsibility is reflected in the company's Business Conduct Guidelines which are publicized throughout the organization. The company has a long-established reputation of integrity in business conduct and maintains a systematic program to assess compliance with these policies.

The adequacy of Stanley's internal accounting controls, the accounting principles employed in its financial reporting and the scope of independent and internal audits are reviewed by the Audit Committee of the Board of Directors, consisting solely of outside directors. Both the independent auditors and our internal auditors have unrestricted access to the Audit Committee, and they meet with it periodically, with and without management present.

Richard H. Ayers	Richard Huck
Chairman and	Vice President, Finance and
Chief Executive Officer	Chief Financial Officer

Report of Ernst & Young, Independent Auditors

The Shareholders
The Stanley Works

We have audited the accompanying consolidated balance sheets of The Stanley Works and subsidiaries as of January 1, 1994 and January 2, 1993, and the related consolidated statements of earnings, changes in shareholders' equity, and cash flows for each of the three fiscal years in the period ended January 1, 1994. These financial statements are the responsibility of the company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards. 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 Stanley Works and subsidiaries at January 1, 1994 and January 2, 1993, and the consolidated results of their operations and their cash flows for each of the three fiscal years in the period ended January 1, 1994, in conformity with generally accepted accounting principles.

As discussed in Note J to the consolidated financial statements, the company changed its method of accounting for postemployment benefits in

1993 and postretirement benefits other than pensions in 1991.

Hartford, Connecticut
January 31, 1994

Ernst & Young

Business Segment Information
The Stanley Works and Subsidiaries

Industry Segments

The company groups its sales and operating profit by three major categories: Tools, Hardware and Specialty Hardware. Sales for Tools are further divided into Consumer, Industrial and Engineered.

Geographic Areas

The company has manufacturing and distribution facilities and sales offices in the United States, Europe and Other Areas. The company's operations in Europe are principally located in the European Economic Community. Other Areas principally include Canada, Australia, the Far East and Latin America.

General Information

Intercompany sales between geographic areas and between business segments were not significant. Segment information includes insignificant allocations of expenses and assets shared by the segments.

Operating profit represents net sales less operating expenses. In computing operating profit, the following have been excluded: net corporate expenses, interest expense, income taxes and the cumulative effect of accounting changes.

Identifiable assets are those assets used in the company's operations in each segment or area.

<TABLE>
<CAPTION>

Industry Segments (Millions of Dollars)	1993	1992	1991
Net Sales			
Tools			
<S>	<C>	<C>	<C>
Consumer	$726.0	$723.0	$624.0
Industrial	411.1	377.7	363.5
Engineered	568.5	540.0	497.2
Total Tools	1,705.6	1,640.7	1,484.7
Hardware	299.4	297.2	225.3
Specialty Hardware	268.1	257.7	232.2
Consolidated	$2,273.1	$2,195.6	$1,942.2
Operating Profit			
Tools	$158.1	$171.7	$169.4
Hardware	32.9	25.6	28.9
Specialty Hardware	13.2	18.3	16.5
Total	204.2	215.6	214.8
Net corporate expenses	(24.0)	(24.5)	(20.7)
Interest expense	(32.2)	(33.0)	(37.6)
Earnings before income taxes	$148.0	$158.1	$156.5
Identifiable Assets			
Tools	$1,238.6	$1,199.3	$1,176.2
Hardware	173.3	171.0	178.0
Specialty Hardware	83.9	91.3	86.6
	1,495.8	1,461.6	1,440.8

General corporate assets	81.1	146.0	107.1
Total	$1,576.9	$1,607.6	$1,547.9
Capital Expenditures			
Tools	$53.6	$ 47.4	$51.7
Hardware	8.2	10.7	5.9
Specialty Hardware	3.8	3.8	4.6
Depreciation and Amortization			
Tools	63.9	63.6	59.7
Hardware	10.6	10.7	8.4
Specialty Hardware	4.4	4.0	4.4

</TABLE>
<TABLE>

<CAPTION>

Geographic Areas (Millions of Dollars)	1993	1992	1991
Net Sales			
<S>	<C>	<C>	<C>
United States	$1,680.0	$1,561.5	$1,361.6
Europe	317.3	354.0	324.2
Other Areas	275.8	280.1	256.4
Consolidated	$2,273.1	$2,195.6	$1,942.2
Operating Profit			
United States	$153.5	$148.8	$145.3
Europe	27.4	38.5	42.8
Other Areas	23.7	27.3	28.9
Eliminations	(.4)	1.0	(2.2)
Total	$204.2	$215.6	$214.8
Identifiable Assets			
United States	$1,017.6	$1,002.1	$941.0
Europe	270.0	259.9	290.4
Other Areas	247.4	223.1	231.2
Eliminations	(39.2)	(23.5)	(21.8)
Total	$1,495.8	$1,461.6	$1,440.8

<FN>
Note: In 1993, net corporate expenses include a gain of $29.0 million from the sale of the company's investment in Max Co., Ltd.
In 1992, net corporate expenses include a gain of $25.8 million from the sale of a portion of the company's investment in Max Co., Ltd., expenses of $14.1 million related to planned closings of certain company-owned stores and reduction of the goodwill of the company's Taylor Rental operation.
Certain 1992 and 1991 amounts were reclassified to conform with the 1993 presentation.

</TABLE>

<TABLE>
Summary of Selected Financial Information (A)
The Stanley Works and Subsidiaries
(Millions of Dollars, except per share amounts)
<CAPTION>
Continuing Operations B

	1993	1992	1991	1990	1989	1988	1987	1986	1985	1984	1983
<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
Net Sales	$2,273	$2,196	$1,942	$1,956	$1,951	$1,888	$1,744	$1,355	$ 992	$ 936	$ 804
Earnings	93	98	97	106	117	102	96	78	70	64	49
Earnings per share	$ 2.06	$2.15	$2.24	$2.51	$2.70	$2.37	$2.22	$1.84	$1.70	$1.54	$1.20
Percent of Net Sales:											
Cost of sales	68.3%	66.8%	66.0%	65.3%	64.8%	65.6%	64.7%	64.9%	63.2%	63.5%	64.5%
Selling, general and administrative	22.5%	24.0%	23.8%	23.7%	23.0%	23.0%	23.4%	23.9%	24.3%	24.1%	25.1%

Interest-net	1.1%	1.2%	1.3%	1.3%	1.3%	1.7%	1.7%	1.4%	.2%	.1%	.3%
Other-net	1.6%	.8%	.8%	.9%	1.0%	.6%	.7%	.1%	.1%	.4%	-
Earnings before income taxes	6.5%	7.2%	8.1%	8.8%	9.9%	9.1%	9.5%	9.7%	12.2%	11.9%	10.1%
Earnings	4.1%	4.5%	5.0%	5.4%	6.0%	5.4%	5.5%	5.8%	7.1%	6.8%	6.1%
Other Key Information											
Total assets	$1,577	$1,608	$1,548	$1,494	$1,491	$1,405	$1,388	$1,208	$ 755	$ 697	$ 686
Long-term debt	377	438	397	398	416	339	354	363	81	74	85
Shareholders' equity	$ 681	$ 696	$ 689	$ 679	$ 659	$ 684	$ 626	$ 555	$ 503	$ 444	$ 435
Ratios:											
Current ratio	2.1	2.4	2.4	2.6	2.6	2.6	2.4	2.9	3.7	2.8	3.0
Total debt to total capital	38.7%	40.1%	37.6%	38.7%	39.6%	35.0%	40.9%	43.4%	15.7%	19.4%	19.0%
Income tax rate	37.4%	37.9%	38.0%	38.4%	39.6%	40.8%	41.7%	40.7%	42.0%	42.5%	39.2%
Return on average equity b	13.5%	14.1%	14.1%	15.8%	17.3%	15.5%	14.7%	14.9%	16.5%	16.5%	12.8%
Common Stock Data:											
Dividends per share	$1.34	$ 1.28	$ 1.22	$ 1.14	$ 1.02	$ .92	$ .82	$ .73	$ .67	$ .60	$ .52
Equity per share at year-end	$15.23	$15.32	$15.22	$16.50	$15.32	$15.97	$14.59	$13.05	$12.03	$11.00	$10.35
Market price - high	47 7/8	48 1/8	44	39 3/4	39 1/4	31 1/4	36 5/8	30 7/8	22 1/2	19 5/8	19
- low	37 7/8	32 1/2	26	26 5/8	27 1/2	24 3/8	21 1/4	20 1/2	16 3/8	13	13 1/2
Average shares outstanding (in thousands)	44,935	45,703	43,266	42,192	43,378	43,109	43,357	42,279	41,243	41,816	41,465
Other Information:											
Earnings from continuing operations	$ 93	$ 98	$ 97	$ 106	$ 117	$ 102	$ 96	$ 78	$ 70	$ 64	$ 49
Earnings from discontinued operations	-	-	-	-	-	-	(10)	1	8	8	3
Cumulative effect of accounting change	(9)	-	(12)	-	-	(13)	-	-	-	-	-
Net earnings	$ 84	$ 98	$ 85	$ 106	$ 117	$ 89	$ 86	$ 79	$ 78	$ 72	$ 52
Net earnings per share	$ 1.87	$ 2.15	$ 1.95	$ 2.51	$ 2.70	$ 2.07	$ 2.00	$ 1.86	$ 1.90	$1.73	$1.28
Average number of employees	18,988	18,650	17,420	17,784	18,464	18,988	19,142	16,128	13,069	12,788	12,396
Shareholders of record at end of year	20,018	20,661	21,297	22,045	22,376	23,031	23,051	21,752	22,870	23,238	22,656

<FN>

A) Certain amounts were reclassified to conform with the 1993 presentation.

B) Excluding the cumulative after-tax effect of accounting changes for postemployment benefits of $8.5 million, or $.19 per share, in 1993; postretirement benefits of $12.5 million, or $.29 per share, in 1991; and income taxes of $13.1 million, or $.30 per share, in 1988.

</TABLE>

Management's Discussion and Analysis
Results of Operations

Overview

Improved economic conditions, particularly in the United States, resulted in record sales of $2.3 billion in 1993, or a 3.5% increase over 1992. Earnings, excluding the effects of a change in accounting principle and special charges related to a legal settlement, also strengthened, increasing 4% over 1992.

Earnings were $93 million, or $2.06 per share, before the cumulative effect of an accounting change. This compares with $98 million, or $2.15

per share, reported in 1992. Earnings were affected by a $15 million, or

$.21 per share, charge related to the settlement of lawsuits involving the company's Mac Tools, Inc. subsidiary. The charge reflected these settlements and the accrual of reserves to cover unsettled claims. In addition, a stronger U.S. dollar had a negative effect on the translation of foreign earnings for the year.

Revenues

Sales growth in 1993 was driven by unit volume increases of 4% in our core businesses, which represented the most significant internal growth generated since 1988. Acquisitions and minor price increases added 2% to sales; however, the negative effect of translating foreign revenues offset these incremental improvements.

The company's U.S. businesses experienced strong internal growth, reflecting the improvement in U.S. industrial and construction related markets and the company's efforts in introducing new products. Domestic unit volume growth was 6% for 1993. While the company's consumer businesses experienced only modest growth, engineered and industrial businesses saw higher levels of sales increases. Many of the company's businesses did not raise prices during the year; consequently, pricing had no net effect on U.S. sales. The incremental effect of acquisitions contributed 2% to sales.

European markets, especially continental Europe, remained depressed in 1993, resulting in a 3% volume decline. European currencies also continued to weaken during the year resulting in an 11% decline in sales, or approximately $40 million. A combination of small price increases and acquisitions added 4% to sales. As a result, total European sales were 10% lower than last year.

Net sales in Other Areas decreased 2% as a result of foreign currency translation and weak sales in Canada. Sales increases in the Far East and Latin America continued to exceed the growth rate experienced by the company overall.

Net sales in 1992 of $2.2 billion were 13% higher than in 1991, primarily due to the contributions of acquired companies. Excluding acquisitions, the company achieved only minimal growth in domestic markets and sales trends in the lagging European, Australian and Canadian economies were stagnant or negative.

Factors contributing to the year-to-year change in net sales were:
<TABLE>
<CAPTION>

Net Sales Change	Comparison 1993 with 1992	1992 with 1991	1991 with 1990
Unit Volume:			
<S>	<C>	<C>	<C>
Existing Operations	4.1%	2.1%	(4.8)%
Acquisitions/Divestitures	1.7	10.2	2.4
Price Increase	.7	1.1	2.7
Foreign Currency	(3.0)	(.4)	(1.0)
	-----	-----	------
	3.5%	13.0%	(.7)%

===== ===== ======

</TABLE>

During 1993, the highly-inflationary conditions that affect the company's Brazilian operation, while not material to overall operating results and financial position, did affect the above price increase and foreign currency percentages. Price increase and foreign currency effects on the year-to-year sales change without the Brazilian operations were .1% and (2.5%), respectively.

Gross Profit

Gross profit margin was 31.7% in 1993, compared with 33.2% in 1992. Much of the margin decline in 1993 related to costs associated with the transition from purchasing certain fastening tools from foreign sources to U.S. in-house manufacture and to abnormally high wood prices experienced in the company's Door Systems business and the associated expenses of manufacturing process adjustments. The company has continued to control costs and to realize productivity gains from its capital investment programs. These efforts have helped relieve the adverse margin pressures of a competitive pricing environment.

In 1992, margins were affected by the costs of integrating acquisitions and the underutilization of the company's mechanics tool capacity which resulted from the loss of sales to a major retail customer. A portion of that sales volume has been replaced.

Operating and Other Expenses

Operating expenses were 22.5% of sales in 1993 compared with 24.0% in 1992 and 23.8% in 1991. The improvement in 1993 reflects increased operating efficiencies, the integration of recent acquisitions and the absence of non-recurring expenses. The increase in 1992 reflects non-recurring legal costs and increases in product liability reserves, both of which more than offset productivity improvements.

Interest-net expense of $25 million, reduced from $27 million in 1992 and $26 million in 1991, resulted from lower interest rates and the company's active management of overall borrowing costs.

Other-net expense for 1993 included a $15 million charge for distributor litigation issues at the company's Mac Tools, Inc. subsidiary. It also included a gain on the sale of the company's investment in Max Co., Ltd. of $29 million, which was substantially offset by additional charges for contingency reserves related to product liability, restructuring activities and environmental remediation.

Other-net expenses in 1992 included charges of $14 million related to planned closings of certain company-owned Taylor Rental stores, a reduction of the goodwill of the company's Taylor Rental business, and $8 million for reserves for litigation pending at the company's Mac Tools, Inc. subsidiary. These charges were offset by a $26 million gain from the sale of a portion of the company's investment in Max Co., Ltd.

Other-net expenses in 1991 were relatively unchanged from 1990.

The effective income tax rates in 1993, 1992 and 1991 were 37.4%, 37.9% and 38.0%, respectively. In 1993, the effect of an increase in the U.S. statutory rate from 34% to 35% was largely offset by favorable tax planning strategies and proportionally lower earnings in high-tax foreign operations.

Accounting Changes

Net earnings for 1993 reflected an after-tax charge of $8.5 million, or $.19 per share, for the adoption of Statement of Financial Accounting Standards No. 112, "Employers' Accounting for Postemployment Benefits." The new standard, which all companies must adopt no later than the first quarter of 1994, requires accrual of postemployment benefits as they are earned by employees rather than as they are paid. The one-time charge represents the cumulative effect of the new accounting standard as of the beginning of fiscal year 1993.

In 1991, the company adopted Statement of Financial Accounting Standards No. 106, "Employers' Accounting for Postretirement Benefits Other than Pensions." The after-tax effect of this standard was a one-time charge to 1991 earnings of $12.5 million, or $.29 per share.

Business Segments

Tools segment sales of $1.7 billion were 4% higher than in 1992. Unit volume gains of 4% were primarily the result of strong internal growth in the industrial and engineered tools categories. Acquisitions, net of divestitures, accounted for a 2% increase in sales. The net effect of price increases in some tool categories and decreases in others resulted in a net 1% increase in sales for the year. A 3% decline in sales due to currency translation offset price and acquisition gains. Operating profits of $158 million were down 8% from 1992 and included charges of $15 million for distributor litigation and $4 million for a plant closing for the company's Mac Tools, Inc. subsidiary. Profits were also affected by costs related to the transition of certain fastening products to in-house manufacture. As a result, operating margins were 9.3% for 1993, compared with 10.5% in 1992.

Tools segment sales in 1992 were $1.6 billion or 11% higher than in 1991. Acquisitions accounted for most of the increase. Operating profits of $172 million were up 1% from the $169 million reported for this segment in 1991.

Hardware segment sales increased 1% in 1993 to $299 million, as negative currency effects partially offset 3% unit volume growth. Operating profits increased 29% to $33 million and operating margins improved to 11.0% from 8.6% in the prior year. Margin improvements are attributable primarily to greater operating efficiencies and the integration of recent acquisitions.

Hardware segment sales in 1992 were $297 million, an increase of 32% over 1991 results. The sales increase was substantially provided by acquisitions, the integration costs of which reduced operating profits.

Specialty Hardware segment sales for 1993 were 4% higher than in 1992. Virtually all of the increase was generated by internal growth, as the effects of modest price increases were offset by the negative effect of foreign currency translation. Operating profits were affected by abnormally high raw material costs and the expenses of related manufacturing process adjustments at the company's Door Systems business.

Specialty Hardware segment sales in 1992 increased 11% from 1991 and reflected unit volume gains in all geographic areas. Operating profits in 1992 were up 11% for the year, increasing to $18 million with resulting margins of 7.0%, the same as 1991.

Financial Condition

Liquidity, Sources and Uses of Capital

The company's strong balance sheet, operating cash flows and borrowing capacity provide the financial flexibility necessary to continue its record of annual dividend payments, to invest in the capital needs of its businesses and to make appropriate acquisitions as those opportunities arise.

Operating cash flows of $147 million generated in 1993 were lower than in previous years as internal sales growth required additional working capital. The company continues to place a significant emphasis on working capital management as evidenced by the managed growth in accounts receivable and inventories in relation to sales growth.

Borrowings at year-end 1993 were $429 million, down from $467 million at the end of 1992. The reduction in overall debt

resulted from the
retirement of certain long-term obligations. Total debt as a percentage of total capital decreased to 38.7% from 40.1% last year. The debt to capital ratio, excluding the company's guarantee on its ESOP debt, was 31.2% in 1993 and 32.4% in 1992. The company continues to restructure its overall debt portfolio, taking advantage of the availability of lower short-term interest rates in the market. In addition, various interest rate management strategies have been employed and include the use of interest rate swap agreements. The company's overall financing strategy does not expose it to significant market or credit risk.

The company has access to financial resources and borrowing capabilities around the world. The company has $100 million of unissued debt securities registered with the Securities and Exchange Commission. In addition, the company had approximately $265 million of unused lines of credit at year-end 1993.

Capital Expenditures

The company's capital investment program seeks to improve productivity, customer service and responsiveness. Capital expenditures for the last three years are listed below, in millions of dollars:

<TABLE>
<CAPTION>

	1993	1992	1991
<S>	<C>	<C>	<C>
Productivity	$33	$39	$36
Increased capacity	27	20	19
Regulatory	2	2	2
Other	7	3	6
	------	------	-----
	$69	$64	$63

</TABLE>

Capital expenditures in 1994 are expected to be approximately $70 million. Productivity, as measured by net sales per employee in constant 1993 dollars, increased by 2.3%. Net sales per employee in 1993 were $115,100 compared with $112,500 in 1992.

Other Matters

In the normal course of business the company becomes involved in various lawsuits and claims. The company has estimated the potential cost of these activities and has established appropriate reserves. This litigation activity includes suits and claims associated with the company's Mac Tools, Inc. subsidiary.

The results for 1993 include a fourth quarter charge of $15 million to reflect both the late-January 1994 settlement of 132 filed and threatened lawsuits by former distributors against Mac Tools, Inc. and the accrual of reserves to cover unsettled claims. After these settlements, there were four suits outstanding. The company has also taken steps to improve its relationship with its current distributors and an ombudsman program has been established to provide liaison with former distributors. Management believes that these actions will reduce the number and size of future settlements and expenses related to this kind of litigation and that any such expenses will not have a material adverse effect on the company's financial position, results of operations or liquidity.

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.

The company is involved with remedial and other environmental compliance activities at some of its current and former sites. Additionally, the company, together with other parties, has been named a potentially responsible party ("PRP") with respect to nine Superfund sites. Current laws potentially impose joint and several liability upon each PRP. In assessing its potential liability at these sites, the company has considered the following: the solvency of the other PRPs, whether responsibility is being disputed, the terms of existing agreements, experience at similar sites, and the fact that its volumetric contribution at these sites is relatively small.

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 amounts 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 which becomes available. As of year-end 1993, the company had reserves of $18 million, primarily for remediation activities associated with company-owned properties as well as for Superfund sites.

Actual costs to be incurred at identified sites in future periods may vary from the estimates, given the inherent uncertainties in evaluating environmental exposures. Subject to the imprecision in estimating future environmental costs, the company does not expect that any sum it may have to pay in connection with environmental matters in excess of the amounts recorded will have a material adverse effect on its financial position, results of operations or liquidity.

<TABLE>

Consolidated Statements of Earnings
The Stanley Works and Subsidiaries
<CAPTION>
Fiscal years ended January 1, 1994, January 2, 1993 and December 28, 1991

(Millions of Dollars, except per share amounts)	1993	1992*	1991*
<S>	<C>	<C>	<C>
Net Sales	$2,273.1	$2,195.6	$1,942.2
Costs and Expenses			
Cost of sales	1,553.0	1,466.0	1,281.0
Selling, general and administrative	512.3	526.7	462.3
Interest-net	25.2	26.5	25.9
Other-net	34.6	18.3	16.5
	-------	-------	-------
	2,125.1	2,037.5	1,785.7
	-------	-------	-------
Earnings before Income Taxes and Cumulative Effect of Accounting Changes	148.0	158.1	156.5
Income Taxes			
Currently payable	61.0	72.2	52.3
Deferred	(5.6)	(12.2)	7.1
	-----	-----	----
	55.4	60.0	59.4
Earnings before Cumulative Effect of Accounting Changes	92.6	98.1	97.1
Cumulative effect of accounting changes	(8.5)		(12.5)
	-------	-------	------
Net Earnings	$84.1	$98.1	$84.6
	=======	=======	======
Earnings Per Share of Common Stock:			
Before cumulative effect of accounting changes	$2.06	$2.15	$2.24
Cumulative effect of accounting changes	(.19)		(.29)
	-------	-------	------
Net Earnings Per Share of Common Stock	$1.87	$2.15	$1.95
	========	=======	======

<FN>
See notes to consolidated financial statements.
* Reclassified to conform with the 1993 presentation.

</TABLE>

<TABLE>
Consolidated Balance Sheets
The Stanley Works and Subsidiaries
<CAPTION>
January 1, 1994 and January 2, 1993

(Millions of Dollars)	1993	1992
<S>	<C>	<C>
ASSETS		
Current Assets		
Cash and cash equivalents	$43.7	$81.1
Accounts and notes receivable, net	371.2	354.9
Inventories	308.1	302.0
Other current assets	35.6	40.7
	------	------
Total Current Assets	758.6	778.7
Property, Plant and Equipment	566.5	566.6
Goodwill and Other Intangibles	171.5	175.3
Investments and Other Assets	80.3	87.0
	-------	--------
Total Assets	$1,576.9	$1,607.6
	========	========
LIABILITIES AND SHAREHOLDERS EQUITY		

Current Liabilities		
Notes payable to banks	$42.3	$20.2
Current maturities of long-term debt	9.8	8.4
Accounts payable	103.3	114.0
Accrued expenses	197.6	184.2
Income taxes	4.1	3.1
Total Current Liabilities	357.1	329.9
Long-Term Debt	377.2	438.0
Deferred Income Taxes	36.0	54.8
Other Liabilities	125.7	88.6
Shareholders' Equity		
Preferred Stock, without par value: Authorized and unissued 10,000,000 shares		
Common Stock, par value $2.50 per share: Authorized 110,000,000 shares; issued 46,171,705 shares in 1993 and 1992	115.4	115.4
Capital in excess of par value	73.1	75.8
Retained earnings	871.1	843.7
Foreign currency translation adjustment	(56.7)	(41.5)
ESOP debt	(261.5)	(268.8)
	741.4	724.6
Less: cost of common stock in treasury (1,476,074 shares in 1993 and 732,851 shares in 1992)	60.5	28.3
Total Shareholders' Equity	680.9	696.3
Total Liabilities and Shareholders' Equity	$1,576.9	$1,607.6

<FN>
See notes to consolidated financial statements.
</TABLE>

<TABLE>

Consolidated Statements of Cash Flows
The Stanley Works and Subsidiaries
<CAPTION>
Fiscal years ended January 1, 1994, January 2, 1993 and December 28, 1991

(Millions of Dollars)	1993	1992	1991
<S>	<C>	<C>	<C>
Operating Activities:			
Net earnings	$84.1	$98.1	$84.6
Adjustments to reconcile net earnings to net cash provided by operating activities:			
Depreciation and amortization	80.7	78.5	74.9
Gain on sale of non-operating asset	(29.0)	(25.8)	
Provision for postemployment and postretirement benefits	13.6		20.6
Other non-cash items	9.4	16.0	(.6)
Changes in operating assets and liabilities:			
Accounts and notes receivable	(19.7)	13.1	9.8
Inventories	(15.5)	(6.6)	.5
Accounts payable and accrued expenses	16.0	17.2	(6.1)
Income taxes	1.0	1.8	2.4
Other	5.9	(7.3)	(6.1)
Net cash provided by operating activities	146.5	185.0	180.0
Investing Activities:			
Capital expenditures	(69.7)	(65.1)	(61.1)
Proceeds from sales of assets	6.6	8.2	11.8
Proceeds from sale of non-operating asset	38.9	35.2	
Business acquisitions	(13.3)	(105.8)	(54.7)
Proceeds from sale of businesses			2.9
Other	(13.2)	(10.6)	(8.0)
Net cash used by investing activities	(50.7)	(138.1)	(109.1)
Financing Activities:			
Payments on long-term debt	(133.8)	(69.8)	(256.3)
Proceeds from long-term borrowings	78.5	120.2	240.3
Loan to ESOP			(180.0)
Net short-term bank financing	22.3	5.1	(2.6)
Proceeds from issuance of common stock	4.6	3.6	184.6
Purchase of common stock for treasury	(42.3)	(25.0)	(37.2)

Cash dividends on common stock	(60.5)	(57.5)	(52.3)
Net cash used by financing activities	(131.2)	(23.4)	(103.5)
Effect of exchange rate changes on cash	(2.0)	(.7)	(3.8)
Increase (decrease) in cash and cash equivalents	(37.4)	22.8	(36.4)
Cash and cash equivalents, beginning of year	81.1	58.3	94.7
Cash and cash equivalents, end of year	$43.7	$81.1	$58.3

<FN>

See notes to consolidated financial statements.

</TABLE>

<TABLE>

Consolidated Statements of Changes in Shareholders' Equity
The Stanley Works and Subsidiaries

<CAPTION>

Fiscal years ended January 1, 1994, January 2, 1993 and December 28, 1991

(Millions of Dollars)

<S>	Common Stock <C>	Capital In Excess of Par Value <C>	Retained Earnings <C>	Translation Adjustments <C>	ESOP Debt <C>	Treasury Stock <C>	Shareholders Equity <C>
Bal December 30, 1990	$113.2	$59.3	$756.9	$(8.1)	$(102.9)	$(139.1)	$679.3
Net earnings			84.6				84.6
Cash dividends declared - $1.22 per share			(53.8)				(53.8)
Issuance of common stock	1.5	31.4				152.9	185.8
Purchase of common stock						(37.2)	(37.2)
ESOP debt					(173.2)		(173.2)
ESOP tax benefit			3.0				3.0
Bal Dec 28, 1991	114.7	90.7	790.7	(8.1)	(276.1)	(23.4)	688.5
Pooling of interests	.7	(13.4)	9.8			12.7	9.8
Bal Dec 29, 1991	115.4	77.3	800.5	(8.1)	(276.1)	(10.7)	698.3
Net earnings			98.1				98.1
Currency translation adj				(33.4)			(33.4)
Cash dividends declared - $1.28 per share			(58.5)				(58.5)
Issuance of common stock		(1.5)				10.1	8.6
Purchase of common stock						(27.7)	(27.7)
ESOP debt					7.3		7.3
ESOP tax benefit			3.6				3.6
Bal Jan 2, 1993	115.4	75.8	843.7	(41.5)	(268.8)	(28.3)	696.3
Net earnings			84.1				84.1
Currency translation adj				(15.2)			(15.2)
Cash dividends declared - $1.34 per share			(60.1)				(60.1)
Issuance of common stock		(2.7)				15.7	13.0
Purchase of common stock						(47.9)	(47.9)
ESOP debt					7.3		7.3
ESOP tax benefit			3.4				3.4
Bal Jan 1, 1994	$115.4	$73.1	$871.1	$(56.7)	$(261.5)	$(60.5)	$680.9

<FN>

See notes to consolidated financial statements.

</TABLE>

Notes to Consolidated Financial Statements
The Stanley Works and Subsidiaries

A Significant Accounting Policies

Principles of Consolidation

The consolidated financial statements include the accounts of the company and all subsidiaries, after the elimination of intercompany accounts and transactions.

Fiscal Year-End

The company's fiscal year ends on the Saturday nearest to December 31. Fiscal years 1993 and 1991 were comprised of 52 weeks and fiscal year 1992 was comprised of 53 weeks.

Foreign Currency Translation

For most foreign operations, balance sheet accounts are translated at the current year-end exchange rate and earnings statement items are translated at the average exchange rate for the year. Resulting translation adjustments are made directly to a separate component of shareholders' equity. Translation adjustments for operations in highly-inflationary countries and 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. Carrying amounts approximate fair values.

Inventories

Inventories of the parent company and all significant inventories of its United States subsidiaries are valued at the lower of last-in, first-out cost or market. The remaining inventories are valued generally at the lower of first-in, first-out cost or market.

Properties, Equipment and Related Depreciation

Property, plant and equipment are stated on the basis of cost. Depreciation is provided using a combination of accelerated and straight-line methods based upon the estimated useful lives of the assets.

Income Taxes

Deferred taxes are determined based on the difference between the financial statement and tax bases of assets and liabilities using enacted tax rates in effect in the years in which the differences are expected to reverse. Deferred tax expense represents the change in the deferred tax asset and liability balances.

Earnings per Share

Earnings per share are based on the weighted average number of shares of common stock outstanding during each year (44,935,000 shares, 45,703,000 shares and 43,266,000 shares in 1993, 1992 and 1991, respectively). The issuance of additional shares under employee stock plans would not result in a material dilution of earnings per share.

Reclassifications

Certain 1992 and 1991 amounts have been reclassified to conform with the 1993 presentation.

B Acquisitions and Divestitures

The company acquired businesses in 1993 for a total of $24.0 million. The most significant of the businesses acquired were Friess & Co. KG, a German manufacturer and marketer of paint rollers and brushes and Rikkoh-Sha Co. Ltd., a mechanics tools distributor in Japan.

The company acquired several businesses in 1992 for $90.4 million. The acquisitions included: Goldblatt Tool Co., a manufacturer of masonry, tile and drywall tools; Mail Media (Jensen Tools, Inc. and Direct Safety), known principally as a marketer of precision tool kits through catalog sales; American Brush Co., Inc., a U.S. manufacturer of paint brushes and decorator tools; and a controlling interest in Tona a.s. Pecky, a major Czech manufacturer of mechanics tools.

The 1993 and 1992 consolidated statements of earnings include the results of these operations, which were accounted for as purchases, from the respective dates of their acquisitions. Pro forma results for 1993 and 1992 acquisitions have not been presented as they would not have been significantly different.

On January 16, 1992, the company exchanged 642,940 shares of common stock for all of the issued and outstanding common stock of LaBounty Manufacturing, Inc., a manufacturer of large hydraulic tools. This business combination was accounted for as a pooling of interests. Periods prior to 1992 were not restated due to the immaterial effect of the pooled company on the consolidated financial statements.

During 1991, the company acquired, for $69.6 million, the businesses of Mosley Stone, Ltd., Sidchrome Tools, Monarch Mirror Door Company and three smaller companies. These transactions were accounted for as purchases. The operating results of these companies are included in the consolidated statements of earnings from their respective dates of acquisition in 1991.

In connection with the aforementioned purchase transactions, the fair value of assets acquired and liabilities assumed aggregated $34.5 million and $10.5 million, respectively, for 1993, $115.8 million and $25.4 million, respectively, for 1992 and $119.3 million and $49.7 million, respectively, for 1991.

On June 30, 1993, the company sold the franchise operations of its wholly owned subsidiary Taylor Rental Corporation.

C Accounts and Notes Receivable
Trade receivables are dispersed among a large number of retailers, distributors and industrial accounts in many countries. No individual customer balance is material. Adequate provisions have been established to cover anticipated credit losses. At January 1, 1994 and January 2, 1993, allowances for doubtful receivables of $24.8 million and $22.9 million, respectively, have been applied as a reduction of current accounts and notes receivable. The company believes it had no significant concentrations of credit risk as of January 1, 1994.

Throughout the year, the company sold, with recourse, certain domestic accounts receivable under a revolving sales agreement. The proceeds for these sales were $39 million in 1993, $64 million in 1992 and $43 million in 1991. At January 1, 1994 and January 2, 1993, the balance of these receivables subject to recourse was approximately $62 million and $70 million, respectively. Provisions have been made to cover anticipated losses.

D Inventories
<TABLE>
<CAPTION>

(Millions of Dollars)	1993	1992
<S>	<C>	<C>
Finished products	$195.7	$190.9
Work in process	61.1	59.6
Raw materials	48.7	49.0
Supplies	2.6	2.5
	$308.1	$302.0

</TABLE>
Inventories in the amount of $158.9 million at January 1, 1994 and $155.2 million at January 2, 1993 were valued at the lower of last-in, first-out (LIFO) cost or market. If LIFO inventories had been valued at FIFO costs, they would have been $118.5 million and $118.4 million higher than reported at January 1, 1994 and January 2, 1993, respectively.

E Property, Plant and Equipment
<TABLE>
<CAPTION>

(Millions of Dollars)	1993	1992
<S>	<C>	<C>
Land	$32.4	$30.7
Buildings	239.7	229.5
Machinery and equipment	846.9	828.6
	1,119.0	1,088.8
Less: accumulated depreciation	552.5	522.2
	$566.5	$566.6

</TABLE>
The provisions for depreciation for 1993, 1992 and 1991 were $63.1 million, $62.4 million and $61.4 million, respectively.

F Intangibles
Goodwill and other intangibles, net of accumulated amortization of $73.5 million and $62.8 million, respectively, at the end of each fiscal year were as follows:
<TABLE>
<CAPTION>

(Millions of Dollars)	1993	1992
<S>	<C>	<C>
Goodwill, amortized generally over 40 years	$130.9	$129.6
Tradenames and other intangibles amortized over periods ranging from 2 to 15 years	40.6	45.7
	$171.5	$175.3

</TABLE>

G Accrued Expenses

<TABLE>
<CAPTION>

(Millions of Dollars)	1993	1992
<S>	<C>	<C>
Salaries and wages	$33.4	$33.2
Insurance	39.1	38.9
Taxes, other than income taxes	16.9	16.8
Dividends payable	14.6	15.0
Litigation	24.0	10.5
Other	69.6	69.8
	$197.6	$184.2
	======	======

</TABLE>

H Long-Term Debt and Financing Arrangements

<TABLE>
<CAPTION>

(Millions of Dollars)	1993	1992
<S>	<C>	<C>
Notes payable in 2002 with interest at 7.375%	$100.0	$100.0
European Currency Unit (ECU) notes payable in 1993 with interest at 7.75%		66.3
Sinking Fund Debentures due 2016, with interest at 9.25%		65.5
Commercial Paper with interest at 3.4%	62.3	
Dutch Guilder notes payable in 1996 with interest at 6.075%	51.5	55.0
Notes payable in 1998 with interest at 9.00%	34.8	34.8
Industrial Revenue Bonds at various interest rates from 5.75% to 7.5% and due in varying amounts to 2010	30.5	31.1
Dutch Guilder notes payable in 1996 with interest at 6.125%	15.4	
ESOP loan guarantees, payable in varying monthly installments:		
due 1993 with interest at 6.78%		1.8
due 2001 with interest at 7.71%	82.8	87.9
Other	9.7	4.0
	---	---
	387.0	446.4
Less: current maturities	9.8	8.4
	$377.2	$438.0
	======	======

</TABLE>

The company has entered into a variety of foreign currency and interest rate exchange agreements. As of January 1, 1994, these agreements established an effective interest rate of 6.97% on notional principal of $253 million. The counterparties to these agreements are major international financial institutions. The company is exposed to credit risk to the extent of nonperformance by these counterparties, however, the company considers the risk of default to be remote.

Commercial paper outstanding at January 1, 1994, of $62.3 million is classified as non-current pursuant to the company's intention and ability to continue to refinance this obligation on a long-term basis. Commercial paper classified as current as of January 1, 1994 and January 2, 1993, was $36.5 million and $14.4 million, respectively.

In 1992 the company filed a shelf registration statement with the Securities and Exchange Commission covering the issuance of up to $200 million of debt securities; as of January 1, 1994, $100 million remained unissued. The company has unused long-term credit arrangements with several banks to borrow up to $205 million at the lower of prime or money market rates. Of these lines, $200 million is available to support the company's commercial paper program. Commitment fees range from .125% to .15%.

The company has short-term lines of credit with numerous foreign banks aggregating $60.8 million. At January 1, 1994, the unused portion of these credit lines was $56.2 million. The arrangements are reviewed annually for renewal.

The company has guaranteed the long-term notes payable to banks of its employee stock ownership plans (ESOPs). The notes are secured by shares of the company's common stock held by the ESOPs. The guarantee is reflected in the consolidated balance sheets as long-term debt with a corresponding reduction in shareholders' equity.

Aggregate annual maturities of long-term debt for the years 1995 to 1998 are $9.4 million, $77.9 million, $10.7 million and $112.8 million, respectively. Interest paid during 1993, 1992 and 1991 amounted to $34.0 million, $33.9 million and $40.0 million, respectively.

The fair values of long-term debt are estimated using discounted cash flow analysis based on the company's incremental borrowing rates. The fair values of foreign currency and interest rate swaps are based on current settlement values. The fair value of long-term debt and debt-related financial instruments was $393 million and $12 million, respectively, as of January 1, 1994.

I Capital Stock

Common Stock Share Activity

The activity in common shares for each year, net of treasury stock, was as follows:

	1993	1992	1991
Outstanding, beginning of year	45,438,854	45,240,591	41,176,312
Issued For:			
Employee stock plans	387,196	263,805	5,070,247
Acquisitions		642,940	
Purchased	(1,130,419)	(708,482)	(1,005,968)
Outstanding, end of year	44,695,631	45,438,854	45,240,591

Common Stock Reserved

At January 1, 1994 and January 2, 1993, the number of shares of common stock reserved for future issuance under various employee stock plans was as follows:

	1993	1992
Employee Stock Purchase Plan	3,061,462	3,200,472
Stock Option Plan	2,316,805	2,542,229
Long-Term Stock Incentive Plan	1,507,945	1,950,312
	6,886,212	7,693,013

Long-Term Stock Incentive Plan

The Long-Term Stock Incentive Plan, effective through 1997, provides for the granting of awards to senior management employees on the basis of company performance. The Plan is administered by a committee of the Board of Directors consisting of non-employee directors. Awards are payable 55% in cash and 45% in shares of common stock or 100% in shares of common stock. The amounts of $.5 million, $2.2 million and $.3 million were charged to expense in 1993, 1992 and 1991, respectively. Shares totaling 10,092, 33,067 and 15,782 were issued in 1993, 1992 and 1991, respectively.

Preferred Stock Purchase Rights

Each outstanding share of common stock has two-thirds of a share purchase right, which, under certain conditions, may be exercised to purchase one two-hundredth of a share of Series A Junior Participating Preferred Stock at an exercise price of $125.00, subject to adjustment to prevent dilution. The rights, which do not have voting rights, expire on March 10, 1996, and may be redeemed by the company at a price of $.05 per right at any time prior to their expiration or within 30 days following the acquisition of 10 percent of the company's common stock. In the event that the company were acquired in a merger or other business combination transaction, provision shall be made so that each holder of a right (other than a holder who is 10%-or-more shareholder) shall have the right to receive, upon exercise thereof, that number of shares of common stock of the surviving company having a market value equal to two times the exercise price of the right. Similarly, if anyone becomes the beneficial owner of more than 10% of the then outstanding shares of common stock, provision will be made so that each holder of a right (other than a holder who is a 10%-or-more shareholder) shall thereafter have the right to receive, upon exercise thereof, common stock (or, in certain circumstances, cash, property or other securities of the company) having a market value equal to two times the exercise price of the right. At January 1, 1994, there were 44,695,631 outstanding rights. There are 175,000 shares of Series A Junior Participating Preferred Stock reserved for issuance in connection with these rights.

Stock Options

The company has a stock option plan to provide nonqualified and incentive stock options to officers and key employees. Options are generally for a ten-year term and are granted at the market price of the common stock on the date of grant. Outstanding options are subject to a two-year transfer restriction on at least half the shares issued upon exercise. In the event of a change of control in the company, all outstanding stock options become immediately exercisable, all transfer restrictions lapse and optionees have the right to sell options to the company at market-related values.

Information relative to the stock option plan is summarized as follows:

<TABLE>
<CAPTION>

	1993	1992	1991
At end of year:			
<S>	<C>	<C>	<C>
Options outsanding	1,827,936	2,006,305	2,152,076
Options exercisable	1,716,936	1,929,805	2,079,076
Shares available for grants	488,869	535,924	505,000
During the year:			
Options granted	111,000	76,500	73,000
Options exercised	225,424	114,847	17,924
Options cancelled	63,945	107,424	17,000
Average price per share:			
Options outstanding	$31.27	$30.64	$30.36
Options granted	40.25	37.13	37.06
Options exercised	30.47	30.15	30.13

</TABLE>

J Employee Benefit Plans

Employee Stock Purchase Plan

The Employee Stock Purchase Plan enables substantially all employees in the United States and Canada to subscribe to shares of common stock on annual offering dates at a purchase price of 85% of the fair market value of the shares on the offering date or, if lower, 85% of the fair market value of the shares on the exercise date. A maximum of 4,000,000 shares are authorized for subscription over a ten year period. During 1993, 1992 and 1991, shares totaling 139,010, 106,738 and 179,062, respectively, were issued under the Plan at average prices of $33.07, $33.31 and $25.75 per share, respectively. At January 1, 1994, subscriptions were outstanding for 113,620 shares at $35.59 per share.

Employee Stock Ownership Plans (ESOPs)

The Savings Plans for both Salaried Employees and Hourly-Paid Employees provide opportunities for tax-deferred savings, enabling eligible U.S. employees to acquire a proprietary interest in the company. Such employees may contribute from 1% to 12% of their salary to the Plans. The company contributes an amount equal to one-half of the first 7% of employee contributions up to a maximum of 3 1/2%.

Shares of the company's common stock held by the ESOPs were purchased with the proceeds of external borrowings in 1989 and borrowings from the company in 1991. The external ESOP borrowings are guaranteed by the company and are included in long-term debt. Shareholders' equity reflects both the internal and the external borrowing arrangements.

The company recognizes ESOP activity and makes contributions each year based on total debt service and share purchase requirements less employee contributions and dividends on ESOP shares. The company's net ESOP activity resulted in income of $5.6 million in 1993, $6.1 million in 1992 and $3.7 million in 1991.

Dividends on ESOP shares were $14.2 million, $13.7 million and $11.9 million for 1993, 1992 and 1991, respectively. Interest costs incurred by the Plans on external debt for 1993, 1992 and 1991 were $6.7 million, $7.2 million and $7.6 million, respectively.

Pension Plans

The company sponsors non-contributory defined benefit and defined contribution plans covering substantially all employees. Upon retirement, participants in the U.S. generally receive the greater of their defined contribution account or a guaranteed benefit as calculated in the defined benefit plan.

Defined benefits for salaried and non-union hourly employees are generally based on salary and years of service, while those for

collective bargaining employees are based on a stated amount for each year of service. The company's funding policy is to contribute amounts determined annually on an actuarial basis that provide for current and future benefits in accordance with federal law and other regulations. Plan assets are invested in equity securities, bonds, real estate and money market instruments. If the plans are terminated or merged with another plan within three years following a change in control of the company, any excess plan assets are to be applied to increase the benefits of all participants.

The company funds the defined contribution plan which covers U.S. salaried and certain hourly employees, based on 2%, 4% or 6% of an employee's salary, depending on the employee's length of service.

Additionally, the company contributes to several union-sponsored multi-employer plans which provide defined benefits.

Total pension expense includes the following components:

<TABLE>
<CAPTION>

(Millions of Dollars)	1993	1992	1991
<C>	<C>	<C>	<C>
Defined benefit plans:			
Service cost	$ 9.0	$ 9.2	$ 8.6
Interest cost	20.3	20.5	19.7
Actual return on plan assets	(25.3)	(25.9)	(50.2)
Net amortization and deferral	1.0	.6	26.4
Net pension expense	5.0	4.4	4.5
Defined contribution plan	8.0	7.8	6.3
Multi-employer plans	.5	.5	.5
Total pension expense	$ 13.5	$ 12.7	$ 11.3

</TABLE>

The funded status of the company's defined benefit plans at the end of each fiscal year was as follows:

<TABLE>
<CAPTION>

(Millions of Dollars)	1993		1992	
	Plans Where Assets Exceed Accumulated Benefits	Plans Where Accumulated Benefits Exceed Assets	Plans Where Assets Exceed Accumulated Benefits	Plans Where Accumulated Benefits Exceed Assets
<S>	<C>	<C>	<C>	<C>
Actuarial Present value of benefit obligations:				
Vested	$203.7	$ 9.6	$181.1	$ 12.3
Non-vested	1.5	2.2	1.0	2.3
Accumulated benefit obligation	205.2	11.8	182.1	14.6
Additional amounts related to projected pay increases	52.8	3.3	49.0	3.1
Total projected benefit obligation (PBO)	258.0	15.1	231.1	17.7
Funded assets at fair value	306.8	7.0	279.1	8.6
Assets in excess of (less than) PBO	48.8	(8.1)	48.0	(9.1)
Unrecognized net (gain) or loss at transition	(11.2)	.4	(13.0)	.3
Unrecognized net (gain) or loss	(26.9)	.1	(24.1)	(.5)
Unrecognized prior service cost	17.8	1.0	18.9	1.1
Adjustment required to recognize minimum liability		(1.8)		(1.8)
Prepaid (accrued) pension expense (long-term)				

$ 28.5	$ (8.4)	$ 29.8	$(10.0)
======	======	======	======

Assumptions used for significant defined benefit plans were as follows:

	1993	1992	1991
Discount rate	7.5%	8.0%	8.0%
Average wage increase	5.0%	5.7%	5.7%
Long-term rate of return on assets	9.0%	9.0%	9.0%

Postretirement and Postemployment Benefits

The company provides medical and dental benefits for certain retired employees in the United States. In addition, domestic employees who retire from active service are eligible for life insurance benefits.

In 1991, the company adopted Statement of Financial Accounting Standards No. 106, "Employers' Accounting for Postretirement Benefits Other than Pensions." The standard requires companies to recognize the estimated future cost of providing health and other postretirement benefits on an accrual basis. These benefits had previously been recognized as expense when paid. The cumulative effect of this accounting change reduced 1991 net earnings by $12.5 million ($20.6 million less related deferred income taxes of $8.1 million) or $.29 per share.

The status of the company's plans at the end of each fiscal year was as follows:

(Millions of Dollars)	1993	1992
Accumulated postretirement benefit obligation:		
Retirees	$19.9	$12.5
Fully eligible active plan participants	2.6	1.0
Other active plan participants	4.7	5.2
	-----	-----
Accumulated obligation	27.2	18.7
Unrecognized net loss	(10.7)	(1.8)
	-----	-----
Accrued postretirement benefit expense	$16.5	$16.9
	=====	=====

Net periodic postretirement benefit expense was $3.3 million in 1993 and $2.2 million in both 1992 and 1991.

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 12% reducing to 9% by 1996 and 6% over 20 years. A one percentage point increase in the assumed health care cost trend rate would have increased the accumulated benefit obligation by $4.2 million at January 1, 1994 and $1.3 million at January 2, 1993, and net periodic postretirement benefit expense for fiscal years 1993 and 1992 by $.4 million and $.2 million, respectively. Weighted average discount rates of 7.5% in 1993 and 8.0% in 1992 were used in determining the accumulated benefit obligations.

The company provides certain postemployment benefits to eligible employees and, in some cases, their dependents. These benefits include severance, continuation of medical coverage and other benefits when employees leave the company for reasons other than retirement.

In 1993, the company adopted, effective January 3, 1993, Statement of Financial Accounting Standards No. 112, "Employers' Accounting for Postemployment Benefits." Prior to 1993, postemployment benefits were recognized as expense when paid. The cumulative effect of adopting this new standard was a one-time charge to 1993 earnings of $8.5 million ($13.6 million less related deferred income taxes of $5.1 million) or $.19 per share. The effect of this change on 1993 operating results was immaterial.

K Other Costs and Expenses

Interest-net for 1993, 1992 and 1991 included interest income of $6.8 million, $7.2 million and $12.2 million, respectively.

Other-net in 1993 includes a gain of $29.0 million ($.39 per share) from the sale of the company's investment in Max Co., Ltd. and a charge of $15.0 million ($.21 per share) related to the settlement of lawsuits involving a subsidiary, Mac Tools, Inc. Also included in Other-net were additional charges for a fine levied by U.S. District Court in Missouri for $5.0 million ($.07 per share) and contingency reserves of $23.3 million ($.32 per share) related to product liability litigation, restructuring activities and environmental remediation.

Other-net in 1992 includes a gain of $25.8 million ($.35 per share) from the sale of a portion of the company's investment in Max Co., Ltd., expenses of $14.1 million ($.21 per share) related to planned closings of certain company-owned stores and reduction of the goodwill of the company's Taylor Rental operation, and expense of $7.8 million ($.11 per share) for reserves for litigation pending at the company's Mac Tools, Inc. subsidiary.

Fluctuations in foreign currency rates affect the company's financial statements in several ways. Adjustments resulting from the translation of most foreign subsidiary financial statements are included as a separate component of shareholders' equity. The revenues and expenses of foreign operations are included in U.S. dollar reported results translated at the average exchange rates for the year.

In addition to the above, the company engages in activities denominated in currencies other than its own. Fluctuations in the exchange rates of those currencies expose the company to gains and losses. These transactional gains and losses, together with the translation adjustments related to foreign operations in highly-inflationary economies, amounted to net losses for 1993, 1992 and 1991 of $6.0 million ($.08 per share), $8.5 million ($.12 per share) and $5.9 million ($.08 per share), respectively.

Research and development expenses amounted to $14.6 million in 1993, $15.2 million in 1992 and $13.9 million in 1991.

L Operations by Industry Segment and Geographic Area
Industry Segment and Geographic Area information included on page 15 of this report is an integral part of the financial statements.

M Income Taxes
Significant components of the company's deferred tax liabilities and assets as of the end of each fiscal year were as follows:

(Millions of Dollars)	1993	1992	1991
Depreciation	$73.1	$68.8	$67.8
Amortization	2.6	3.8	2.5
Capitalized interest	1.8	1.9	2.2
Deferred state tax liabilities	5.4	6.8	7.8
Other	3.1	3.5	11.8
Total deferred tax liabilities	86.0	84.8	92.1
Employee benefit plans	(20.4)	(12.9)	(12.5)
Doubtful accounts	(6.9)	(7.9)	(5.6)
Inventories	(4.1)	(6.7)	(7.7)
Benefit of deferred state taxes	(1.9)	(2.3)	(2.5)
Other	(24.6)	(13.6)	(5.7)
Total deferred tax assets	(57.9)	(43.4)	(34.0)
Net deferred tax liabilities	$28.1	$41.4	$58.1

Income tax expense consisted of the following:

(Millions of Dollars)	1993	1992	1991
Current:			
Federal	$40.2	$47.1	$22.9
Foreign	13.6	18.0	23.8
State	7.2	7.1	5.6
Total current	61.0	72.2	52.3
Deferred:			
Federal	(4.8)	(12.3)	7.1
Foreign	.6	1.2	.4
State	(1.4)	(1.1)	(.4)
Total deferred	(5.6)	(12.2)	7.1
Total	$55.4	$60.0	$59.4

Income taxes paid during 1993, 1992 and 1991 were $63.4 million, $64.4 million and $56.7 million, respectively.

The reconciliation of the statutory federal income tax rate to the effective rate was as follows:

	1993	1992	1991
Statutory federal income tax rate	35.0%	34.0%	34.0%
State income taxes, net of federal benefit	2.7	2.9	2.0
Difference between foreign and federal income tax rates		.6	1.0
Other - net	(.3)	.4	1.0
Effective tax rate	37.4%	37.9%	38.0%

The components of earnings before income taxes consisted of the following:

(Millions of Dollars)	1993	1992	1991
United States	$110.5	$108.1	$101.0
Foreign	37.5	50.0	55.5
Total pre-tax earnings	$148.0	$158.1	$156.5

Undistributed foreign earnings of approximately $201 million as of January 1, 1994 are considered to be invested indefinitely or will be remitted substantially free of additional tax. Accordingly, no provision has been made for taxes that might be payable upon remittance of such earnings, nor is it practicable to determine the amount of this liability.

N Leases

The company leases certain facilities, vehicles, machinery and equipment under long-term operating leases with varying terms and expiration dates.

Future minimum lease payments under noncancelable operating leases, in millions of dollars, as of January 1, 1994, were $28.5 in 1994, $23.3 in 1995, $18.9 in 1996, $12.8 in 1997, $10.4 in 1998 and $28.3 thereafter. Rental expense for operating leases amounted to $35.0 million in 1993, $36.7 million in 1992 and $34.5 million in 1991.

O Contingencies

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 potentially responsible party in a number of administrative proceedings for the remediation of various waste sites, including nine Superfund sites. Current laws potentially impose joint and several liability upon each PRP. In assessing its potential liability at these sites, the company has considered the following: the solvency of the other PRPs, whether responsibility is being disputed, the terms of existing agreements, experience at similar sites, and the fact that the company's volumetric contribution at these sites is relatively small.

In the normal course of business, the company is also involved in various lawsuits and claims. 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 which 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.

P Foreign Exchange Contracts

The company enters into forward exchange contracts and options to hedge certain foreign currency exposures. The options and forward exchange contracts are used to minimize the impact of foreign currency fluctuations on the company's revenues and costs and are not used to engage in speculation. Such contracts generally have maturities of one year or less and the counterparties are typically major international financial institutions. Gains and losses on these contracts resulting from exchange rate movements generally are deferred and included as a component of the related transaction. At January 1, 1994, the contract value and fair value of forward exchange contracts and options outstanding aggregated $44 million and $2 million, respectively. Fair values were estimated based on quoted market prices of comparable contracts.

<TABLE>

Quarterly Results Of Operations (Unaudited)

<CAPTION>

(Millions of Dollars, except per share amounts)	Quarter				Year
1993	First	Second	Third	Fourth	
<S>	<C>	<C>	<C>	<C>	<C>
Net Sales	$553.4	$565.2	$576.3	$578.2	$2,273.1
Gross Profit	178.7	181.7	179.5	180.2	720.1
Selling, General and Administrative Expenses	130.1	128.5	126.1	127.6	512.3
Earnings Before Cumulative Effect of Accounting Change	23.0	27.0	25.0	17.6	92.6
Net Earnings	14.5	27.0	25.0	17.6	84.1
Per Share:					
Earnings Before Cumulative Effect of Accounting Change	$.51	$.60	$.56	$.39	$2.06
Net Earnings	.32	.60	.56	.39	1.87
1992					
Net Sales	$497.1	$555.5	$550.4	$592.6	$2,195.6
Gross Profit	165.5	187.7	184.6	191.8	729.6
Selling, General and Administrative Expenses	126.8	129.8	132.3	137.8	526.7
Net Earnings	17.5	28.8	25.4	26.4	98.1
Net Earnings Per Share	$.38	$.63	$.56	$.58	$2.15

</TABLE>

[FN]

Note: The first quarter of 1993 has been restated to reflect the cumulative effect of adopting Statement of Financial Accounting Standards No. 112. The first quarter of 1993 includes a gain of $24.0 million ($.33 per share) from the sale of a portion of the company's investment in Max Co., Ltd., and additional charges for a fine levied by U.S. District Court in Missouri for $7.0 million ($.10 per share) and contingency reserves of $15.7 million ($.21 per share) related to product liability litigation, restructuring activities and environmental remediation. The third quarter includes a gain of $5.0 million ($.06 per share) from the sale of the company's investment in Max Co., Ltd., which was substantially offset by reserves established for the closing of a manufacturing facility of the company's subsidiary, Mac Tools, Inc. The fourth quarter of 1993 includes a charge of $15.0 million ($.21 per share) related to the settlement of lawsuits involving a subsidiary, Mac Tools, Inc. The fourth quarter of 1992 includes a gain of $25.8 million ($.35 per share) from the sale of a portion of the company's investment in Max Co., Ltd., expenses of $14.1 million ($.21 per share) related to planned closings of certain company-owned stores and reduction of the goodwill of the company's Taylor Rental operation, and expense of $7.8 million ($.11 per share) for reserves for litigation pending at the company's subsidiary, Mac Tools, Inc.

Certain 1992 amounts in the consolidated statements of earnings were reclassified to conform with the 1993 presentation.

Investor Information

The ultimate measure of our success is our ability to provide consistently strong results for shareholders. Stanley's long-term stock performance record is an enviable one. Dividends were increased in each of the past 27 years; and, in that same 27-year period, an investment in Stanley stock grew at a compound annual rate of 13.2%. We have the longest record of annual dividend payments of any industrial company of the New York Stock

Exchange, and the second longest quarterly dividend payment record.

Annual Meeting

The annual shareholders' meeting of The Stanley Works will be held 9:30 a.m. on Wednesday, Apirl 20, 1994, in New Britain, Connecticut at the Stanley Center, 1255 Corbin Avenue.

<TABLE>
Common Stock (Dollars per Share)
<CAPTION>

	Price				Dividends	
	1993		1992		1993	1992
	High	Low	High	Low		
<S>	<C>	<C>	<C>	<C>	<C>	<C>
First Quarter	45 7/8	39 1/8	48 1/8	40	$ .33	$ .31
Second Quarter	47 7/8	39 1/8	45 1/2	38 1/2	.33	.31
Third Quarter	43 1/2	37 7/8	43 1/2	37 7/8	.34	.33
Fourth Quarter	44 1/2	38 3/4	42 5/8	32 1/2	.34	.33
					$1.34	$1.28

</TABLE>

Stock Listing

The Stanley Works is listed on the New York and Pacific Stock Exchanges with the symbol SWK.

Transfer Agent and Registrar

All shareholder inquiries, including transfer-related matters, should be directed to Mellon Securities:

Mellon Securities Trust Company
85 Challenger Road, Overpeck Center
Ridgefield Park, NJ 07660
1-800-288-9541
1-800-231-5649 (TTY - for the hearing impaired)

For More Information

If you would like a copy of Form 10-K filed with the Securities and Exchange Commission, or additional information about Stanley, please write:

Patricia R. McLean, Mgr., Corp. Communications
The Stanley Works
1000 Stanley Drive
New Britain, CT 06053

Savings Plan for Hourly Paid Employees of The Stanley Works

Audited Financial Statements
and Supplemental Schedules

Years ended December 31, 1993 and 1992

Contents

Report of Independent Auditors

Pension Committee of The Board of Directors
The Stanley Works

We have audited the accompanying statements of financial condition of the Savings Plan for Hourly Paid Employees of The Stanley Works as of December 31, 1993 and 1992, and the related statements of income and changes in plan equity for the years then ended. These financial statements are the responsibility of the Plan's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards. 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 financial condition of the Plan at December 31, 1993 and 1992, and its income and changes in plan equity for the years then ended, in conformity with generally accepted accounting principles.

Our audits were made for the purpose of forming an opinion on the financial statements taken as a whole. The accompanying supplemental schedules of assets held for investment as of December 31, 1993, and transactions or series of transactions in excess of 5% of the current value of plan assets for the year then ended, are presented for purposes of complying with the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974, and are not a required part of the financial statements. The supplemental schedules have been subjected to the auditing procedures applied in our audit of the 1993 financial statements and, in our opinion, are fairly stated in all material respects in relation to the 1993 financial statements taken as a whole.

Ernst & Young

March 18, 1994

<TABLE>

Savings Plan for Hourly Paid Employees of The Stanley Works

Statement of Financial Condition

December 31, 1993

<CAPTION>

	Stanley Stock Fund	Loan Fund	Unallocated Stanley Stock Fund	Total
<S>	<C>	<C>	<C>	<C>
Assets				
Investments, at current market value:				
The Stanley Works Common Stock:				
1,001,474 shares (cost $33,098,825)	$44,565,593			$ 44,565,593
1,555,538 shares (cost $53,515,799)			$ 69,221,441	69,221,441
Short-term investments	266,786		2,731	269,517
	44,832,379		69,224,172	114,056,551
Dividends and interest receivable	337,675		533,183	870,858
Loans to participants		$ 3,327,218		3,327,218
Due from The Stanley Works	134,930			134,930
	$45,304,984	$ 3,327,218	$69,757,355	$118,389,557
Liabilities and plan equity				
Liabilities:				
Due to Savings Plan for Salaried Employees of The Stanley Works	$ 157,530			$ 157,530
Benefits payable	175,600			175,600
Debt			$61,603,171	61,603,171
Plan forfeitures	45,652			45,652
	378,782		61,603,171	61,981,953
Plan equity	44,926,202	$3,327,218	8,154,184	56,407,604
	$45,304,984	$3,327,218	$69,757,355	$118,389,557

<FN>
See accompanying notes.

</TABLE>
<TABLE>

Savings Plan for Hourly Paid Employees of The Stanley Works
Statement of Financial Condition
December 31, 1992

	Stanley Stock Fund	Loan Fund	Unallocated Stanley Stock Fund	Total
<S>	<C>	<C>	<C>	<C>
Assets				
Investments, at current market value:				
The Stanley Works Common Stock:				
797,505 shares (cost $25,502,826)	$33,893,963			$ 33,893,963
1,669,556 shares (cost $57,299,782)			$70,956,130	70,956,130
Short-term investments	737,000		1,000	738,000

	34,630,963		70,957,130	105,588,093
Cash	163		1,240	1,403
Dividends and interest receivable	254,817		554,355	809,172
Loans to participants		$2,558,968		2,558,968
Due from The Stanley Works	167,688			167,688
	$35,053,631	$2,558,968	$71,512,725	$109,125,324
Liabilities and plan equity				
Liabilities:				
Due to broker for securities purchased	$ 396,147			$ 396,147
Due to Savings Plan for Salaried Employees of The Stanley Works	95,753			95,753
Benefits payable	31,338			31,338
Debt			$63,831,676	63,831,676
Plan forfeitures	53,527			53,527
	576,765		63,831,676	64,408,441
Plan equity	34,476,866	$2,558,968	7,681,049	44,716,883
	$35,053,631	$2,558,968	$71,512,725	$109,125,324

<FN>
See accompanying notes.
</TABLE>

<TABLE>

Savings Plan for Hourly Paid Employees of The Stanley Works

Statement of Income and Changes in Plan Equity

Year ended December 31, 1993

<CAPTION>

	Stanley Stock Fund	Loan Fund	Unallocated Stanley Stock Fund	Total
Investment income:				
<S>	<C>	<C>	<C>	<C>
Dividends	$ 1,222,981		$ 2,155,635	$ 3,378,616
Interest	18,706	$ 230,786	10,999	260,491
	1,241,687	230,786	2,166,634	3,639,107
Net realized and unrealized appreciation in The Stanley Works Common Stock	3,129,309		2,049,294	5,178,603
Contributions:				
Employee	7,068,089			7,068,089
Employer	3,380,681			3,380,681
	10,448,770			10,448,770
Withdrawals:				
In cash	(2,110,312)			(2,110,312)
In The Stanley Works Common Stock	(229,570)			(229,570)
Transfers to the Savings Plan for Salaried Employees of The Stanley Works	(139,047)			(139,047)
	(2,478,929)			(2,478,929)
Administrative expenses	(39,101)			(39,101)
Plan forfeitures	(45,652)			(45,652)
Interest expense			(5,012,077)	(5,012,077)
Interfund transfers-net	(1,806,748)	537,464	1,269,284	-
Net increase	10,449,336	768,250	473,135	11,690,721

Plan equity at beginning of year	34,476,866	2,558,968	7,681,049	44,716,883
Plan equity at end of year	$44,926,202	$ 3,327,218	$ 8,154,184	$56,407,604

<FN>
See accompanying notes.

</TABLE>

<TABLE>

Savings Plan for Hourly Paid Employees of The Stanley Works

Statement of Income and Changes in Plan Equity

Year ended December 31, 1992

<CAPTION>

	Stanley Stock Fund	Loan Fund	Unallocated Stanley Stock Fund	Total
Investment income:				
<S>	<C>	<C>	<C>	<C>
Dividends	$ 913,144		$2,195,699	$3,108,843
Interest	17,918	$ 202,597	14,330	234,845
	931,062	202,597	2,210,029	3,343,688
Realized gain on sales of The Stanley Works Common Stock:				
Proceeds	853,000			853,000
Cost	748,677			748,677
	104,323			104,323
Unrealized appreciation in The Stanley Works Common Stock	1,914,173		1,932,962	3,847,135
Contributions:				
Employee	6,104,979			6,104,979
Employer	2,957,081			2,957,081
	9,062,060			9,062,060
Withdrawals:				
In cash	(2,003,174)			(2,003,174)
In The Stanley Works Common Stock	(158,916)			(158,916)
Transfers to the Savings Plan for Salaried Employees of The Stanley Works	(359,926)			(359,926)
	(2,522,016)			(2,522,016)
Administrative expenses	(28,304)			(28,304)
Plan forfeitures	(53,527)			(53,527)
Interest expense			(5,141,425)	(5,141,425)
Interfund transfers--net	(1,216,172)	193,854	1,022,318	-
Net increase	8,191,599	396,451	23,884	8,611,934
Plan equity at beginning of year	26,285,267	2,162,517	7,657,165	36,104,949
Plan equity at end of year	$34,476,866	$ 2,558,968	$ 7,681,049	$44,716,883

<FN>
See accompanying notes.

</TABLE>

Savings Plan for Hourly Paid Employees of The Stanley Works

Notes to Financial Statements

December 31, 1993

1. Significant Accounting Policies

Investments
Plan investments consist primarily of shares of The Stanley Works Common Stock (hereinafter referred to as Stanley Stock, Common Stock or shares). The Stanley Works Common Stock is traded on a national exchange and is valued at the last reported sales price on the last business day of the plan year. Short-term investments consist of short-term bank-administered trust funds which earn interest daily at rates approximating U.S. Government securities; cost approximates market value.

Dividend Income
Dividend income is accrued on the ex-dividend date.

Gains or Losses on Sales of Investments
Gains or losses realized on the sales of investments are determined based on average cost.

Expenses
Administrative expenses not paid by The Stanley Works (the Company) are paid by the Plan.

2. Description of the Plan

The Plan operates as a leveraged employee stock ownership plan, is designed to comply with the Internal Revenue Code of 1986, as amended, and is subject to the applicable provisions of the Employee Retirement Income Security Act of 1974, as amended. The Plan is a voluntary savings, defined contribution plan for eligible United States hourly paid employees of The Stanley Works.

Participants may contribute, through pre-tax payroll deductions, generally up to 12% of their compensation. Participant contributions are matched in an amount equal to 50% of a participant's pre-tax contribution to a maximum of 3 1/2% of compensation.

Participant and Company contributions are invested in the Stanley Stock Fund with a guarantee, which, if necessary, is satisfied by the Pension Plan for Hourly Paid Employees of The Stanley Works, that the investment return on such stock acquired with employee contributions will not be less than an investment return based on two-year U.S. Treasury notes.

The assets of the Plan are held in trust by an independent corporate trustee (the Trustee) pursuant to the terms of a written Trust Agreement between the Trustee and the Company. State Street Bank and Trust Company has been selected by the Board of Directors of the Company as Trustee.

2. Description of the Plan (continued)

Employees are fully vested as to amounts in their savings accounts attributable to their own contributions and amounts transferred from the other qualified plans on their behalf. Participants with three or more years of service on January 1, 1987 who terminated employment before January 1, 1989 are vested in the portion of their savings account attributable to the Company matching contributions as follows: 0% during the first through fourth years of service, 40% after four years of service, 10% additional for each of the next six years, to 100% after ten years of service. All other participants are vested in 100% of the value of the Company matching contributions made on their behalf after five years of service, with no vesting in the matching contributions during the first through fifth years of service.

Benefits generally are distributed upon termination of employment resulting from death, disability, retirement or other termination. Normally, a lump-sum distribution is made in cash or shares of Common Stock, at the election of the participant, from the Stanley Stock Fund.

During active employment, subject to financial hardship rules, participants may withdraw, in cash only, all or a portion of vested amounts in their accounts.

Participants may borrow from their savings account up to an aggregate amount equal to the lesser of $50,000 or 50% of the value of their vested interest in such accounts with a minimum loan of $1,000. Each such loan is evidenced by a negotiable promissory note bearing a rate of interest equal to the prime rate as reported in The Wall Street Journal on the first business day of the month immediately preceding the calendar quarter during which the loan was made, which is payable, through payroll deductions, over a term of not more than five years. Starting in 1989, participants are allowed ten years to repay the loan if the proceeds are used to purchase a principal residence. Only one loan per participant may be outstanding at any time.

Effective for loans made after 1986, the $50,000 loan amount limitation is reduced by the participant's highest outstanding loan balance during the 12 months preceding the date the loan is made. If a loan is outstanding at the time a distribution becomes payable to a participant (or beneficiary), the distribution is made net of the loan outstanding, and the distribution shall fully discharge the Plan with respect to the participant's account value attributable to the outstanding loan balance.

2. Description of the Plan (continued)

The Plan borrowed $40,500,000 in 1989 from a group of financial institutions and $26,500,000 in 1991 from the Company (see Notes 3 and 4) to acquire 1,250,831 and 713,804 shares, respectively, of Common Stock from the Company's treasury and previously unissued shares. The shares purchased from the proceeds of the loans were placed in the Unallocated Stanley Stock Fund (the Unallocated Fund). Under the 1989 loan agreement, the Company guaranteed the loan and is obligated to make annual contributions sufficient to enable the Plan to repay the loan plus interest.

The Unallocated Fund makes monthly transfers of shares, in accordance with Plan provisions, to the Stanley Stock Fund in return for proceeds equivalent to the closing fair market value of the shares on the day prior to the transfer date. These proceeds, along with dividends received on allocated and unallocated shares and additional Company contributions, if necessary, are used to make monthly payments of principal and interest on the debt. Remaining unallocated dividends, if any, are applied to reduce the Company's matching contributions. As dividends on the allocated shares are applied to the payment of debt service, a number of shares having a fair market value at least equal to the amount of the dividends so applied are allocated to the savings accounts of participants who would otherwise have received cash dividends. Forfeitures of nonvested employee accounts are used to reduce future Company matching contributions.

The fair market value of shares released from the Unallocated Fund pursuant to loan repayments made during any year may exceed the total of employee contributions and Company matching contributions for that year. If that occurs, all participants who made contributions at any time during that year and who are employed by the Company on the last day of that year receive, on a pro rata basis, such excess value as an additional allocation of Stanley Stock for that year, a pro rata portion of such excess value.

Each participant is entitled to exercise voting rights attributable to the shares allocated to their account. The Trustee is not permitted to vote participant shares for which instructions have not been given by the participant. Shares in the Unallocated Fund are voted by the Trustee in the same proportion as allocated shares.

The Company reserves the right to terminate the Plan at any time, subject to Plan provisions. Upon such termination of the Plan, the interest of each participant in the trust fund will be distributed to such participant or his or her beneficiary at the time prescribed by the Plan terms and the Internal Revenue Code.

2. Description of the Plan (continued)

The Plan sponsor has engaged The Wyatt Company to maintain separate accounts for each participant. Such accounts are credited with each participant's contributions, the allocated portion of the Company's matching contributions, related gains, losses and dividend income and loan activity.

There were 4,662 and 4,219 participants (4,405 and 4,058 of whom were active employees) in the plan as of December 31, 1993 and 1992, respectively, and 1,234 and 1,073, respectively, of whom had loans outstanding.

3. Debt

Debt consisted of the following at December 31:

	1993	1992
Note payable in monthly installments to 2001 with interest at 7.71%	$ 35,295,697	$ 37,458,202
Note payable to the Company in monthly installments to 2026 with interest at 8.3%	26,307,474	26,373,474
	$61,603,171	$63,831,676

The note payable to the Company is secured by shares held in the Unallocated Stock Fund. The number of shares held as security is reduced as shares are released to Stanley Stock Fund pursuant to principal and interest payments. During the year 19,436 shares were released and at December 31, 1993, 663,610 shares are pledged as security.

The scheduled maturities of debt for the next five years are as follows: 1994--$3,483,000; 1995--$3,830,000; 1996--$4,026,000; 1997--$4,352,000 and 1998--$4,716,000.

Payment of the Plan's debt has been guaranteed by the Company. Should the principal and interest due exceed the dividends paid on shares in the Stanley Stock and Unallocated Stock Funds, and employee and Company matching contributions, the Company is responsible for funding such shortfall.

4. Transactions with Parties-in-Interest

Fees paid during 1993 and 1992 for management and other services rendered by parties-in-interest were based on customary and reasonable rates for such services. The majority of such fees were paid by the Company. Fees incurred and paid by the Plan during 1993 and 1992 were $39,101 and $28,304, respectively.

In 1991, the Plan borrowed $26,500,000 from the Company, the proceeds of which were used to purchase 713,804 shares of stock from the Company. The Plan made $2,252,476 of principal and interest payments related to such debt in 1993; at December 31, 1993, $26,307,474 was outstanding on such debt.

5. Income Tax Status

The Internal Revenue Service has ruled (September 13, 1990) that the Plan and the trust qualify under Sections 401(a) and 401(k) of the Internal Revenue Code (IRC) and are therefore not subject to tax under present income tax law. Once qualified, the Plan is required to operate in accordance with the IRC to maintain its qualification. The Pension Committee is not aware of any course of action or series of events that have occurred that might adversely affect the Plan's qualified status.

Plan participants are not subject to federal income taxes on employer contributions or employee contributions, to the extent that such amounts meet IRC guidelines, or on dividends accruing to their accounts until distributions are made from the Plan. Lump-sum distributions are taxable to the extent of realized appreciation of the participant's account, employer's contributions and the employee's contributions which have not already been subject to tax.

<TABLE>

Savings Plan for Hourly Paid Employees of The Stanley Works

Assets Held for Investment

December 31, 1993

<CAPTION>

Identity of Issue, Borrower, Lessor or Similar Party	Description of Investment, Including Maturity Date, Rate of Interest, Par or Maturity Value	Cost	Current Value
<S>	<C>	<C>	<C>
Common Stock:			
The Stanley Works*	2,557,012 shares of Common Stock	$86,614,624	$113,787,034
Trust Fund:			
State Street Bank and Trust Company* (GSTIF)	Short-Term Investment Fund--United States Government securities	266,786	266,786
State Street Bank and Trust Company* (STIF)	Short-Term Investment Fund--Pooled Bank Fund	2,731	2,731
Loans to participants	Promissory notes at prime rate with maturities of not more than five years	3,327,218	3,327,218
Total investments		$90,211,359	$117,383,769

<FN>
* Indicates party-in-interest to the Plan.
</TABLE>

<TABLE>

Savings Plan for Hourly Paid Employees of The Stanley Works

Transactions or Series of Transactions in Excess of 5% of the Current Value of Plan Assets

Year ended December 31, 1993

<CAPTION>

Identity of Party Involved	Purchase Description of Assets	Selling Price	Lease Price	Rental	Expenses Incurred with Transaction	Cost of Asset	Current Value of Asset on Transaction Date	Net Gain (Loss)
Category (iii)--series of transactions in excess of 5 percent of plan assets								
<S>	<C>	<C>				<C>	<C>	
State Street Bank and Trust Company*	Short-Term Investment Fund-U.S. Government Securities					$11,333,552	$11,333,552	
State Street Bank and Trust Company*	Short-Term Investment Fund-U.S. Government Securities	$11,803,766				11,803,766	11,803,766	
The Stanley Works*	109,077 shares of The Stanley Works Common Stock					4,447,121	4,447,121	

<FN>

There were no category (i), (ii) or (iv) reportable transactions during 1993.
* Indicates party-in-interest to the Plan.

</TABLE>