

THE STANLEY WORKS

**FINANCE AND PENSION
COMMITTEE CHARTER**

Purpose

The Finance and Pension Committee is appointed by the Board (1) to advise senior management and the Board in major areas concerning the finances of the Corporation and (2) to oversee the Corporation's administration of its defined contribution plans, defined benefit plans, savings plans, stock ownership plans and other similar retirement plans (collectively, "retirement plans").

Committee Membership

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

The members of the Finance and Pension Committee shall be appointed by the Board on the recommendation of the Corporate Governance Committee. Finance and Pension Committee members may be replaced by the Board.

Committee Authority and Responsibilities

1. The Finance and Pension Committee shall analyze and advise the Board on fundamental corporate changes in capital structure (both debt and equity).
2. The Finance and Pension Committee shall review the capital structure of the Corporation and make recommendations to the Board with respect to management proposals concerning financing, purchases of treasury stock, investments, and dividend actions.
3. The Finance and Pension Committee shall review periodically the Corporation's risk management program and its adequacy to safeguard the Corporation against extraordinary liabilities or losses.
4. The Finance and Pension Committee shall advise and assist in matters such as short-term investments, credit liabilities, financings, interest rate hedges, swaps and other similar transactions.
5. The Finance and Pension Committee shall oversee the administration of the Corporation's retirement plans and shall approve the investment policies for those plans. In connection therewith, it shall (a) approve amendments to retirement plans and related trusts; (b) approve the contributions to be made by the

Corporation to the retirement plans; and (c) approve appointing and terminating trustees, investment managers and investment funds.

6. The Finance and Pension Committee shall also have authority to obtain advice and assistance from internal or external legal, actuarial, accounting, investment or other advisors.
7. The Finance and Pension Committee may form and delegate authority to subcommittees when appropriate. In addition, the Finance and Pension Committee may delegate authority to employees of the Corporation.
8. The Finance and Pension Committee shall make regular reports to the Board.
9. The Finance and Pension Committee shall review and reassess the adequacy of this Charter annually and recommend any proposed changes to the Board for approval. The Finance and Pension Committee shall annually review its own performance.