

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 8-K

CURRENT REPORT

Pursuant to Section 13 or 15(d) of the
Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): October 16, 1996

The Stanley Works
(Exact name of registrant as specified in charter)

Connecticut (State or other jurisdiction of incorporation)	1-5224 (Commission File Number)	06-058860 (IRS Employer Identification No.)
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1000 Stanley Drive, New Britain, Connecticut (Address of principal executive offices)	06053 (Zip Code)
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Registrant's telephone number, including area code: (860) 225-5111

Not Applicable
(Former name or former address, if changed since last report)

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Exhibit Index is located on Page 4

Item 5. Other Events.

1. On October 16, 1996, the Registrant issued a press release.

Attached as Exhibit (20)(i) is a copy of the Registrant's press release. This Exhibit is incorporated herein by reference.

Item 7. Financial Statements, Pro Forma Financial Information and Exhibits.

(c) 20(i) Press release dated October 16, 1996 reporting on Stanley's third quarter sales and earnings.

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SIGNATURE

Pursuant to the requirements 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

Date: October 16, 1996

By: Stephen S. Weddle
Name: Stephen S. Weddle
Title: Vice President, General
Counsel and Secretary

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EXHIBIT INDEX

Current Report on Form 8-K
Dated October 16, 1996

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FOR IMMEDIATE RELEASE

Exhibit (20)(i)

October 16, 1996

THE STANLEY WORKS REPORTS THIRD QUARTER EARNINGS

New Britain, Connecticut (NYSE: SWK) ... The Stanley Works today announced a significant increase in earnings for its third quarter ended September 28, 1996. Net sales for the quarter were \$673 million, an increase of 3% over sales of \$656 million in the third quarter of 1995.

Commenting on the sales volume, Richard H. Ayers, Chairman and Chief Executive Officer, stated: "Our ongoing businesses experienced unit volume growth of 4% with particular strength in the engineered tools, consumer tools and hardware markets. Business and product line divestitures diminished our sales by \$13 million this quarter. Unit volume gains were also realized in all geographic areas."

Reported net earnings were \$38 million, or \$.42 per share, compared with the prior year's third quarter net loss of \$2 million, or \$.02 per share. Exclusive of restructuring charges and restructuring-related transition costs recorded in both periods, "core" net income was \$42 million, or \$.48 per share, a 34% increase over the prior year's third quarter core earnings of \$32 million, or \$.35 per share.

Gross margin reported for the third quarter was 33.4% of sales compared with 31.7% in the prior year's third quarter. Increased volume and the positive effects of 4X4 restructuring initiatives, including strong

contributions from the company's commodity purchasing teams, accounted for most of the improvement in gross margin. Operating expenses were 22.6% of sales in the third quarters of both 1996 and 1995. Excluding restructuring-related transition costs recorded in both third quarters, operating expenses decreased to 22.0% of sales from 22.2% in the prior year. Interest expense, net of interest income, decreased to 0.8% of sales from 1.2% in the prior year, on lower average borrowings.

A net restructuring charge of \$3.1 million was recorded in the third quarter, reflecting the reorganization of certain operations offset by gains from the divestiture of non-strategic business units. These divestitures included a tax-advantaged sale of a product segment which resulted in the \$3.1 million pre-tax restructuring charge having only a \$.01 per share after-tax effect. Restructuring-related transition costs of \$7.4

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million (pre-tax), or \$.05 per share after-tax, were incurred in the third quarter in connection with the implementation of the company's Perfect Customer Service program and other restructuring activities.

Consolidated segment operating profit margin, exclusive of restructuring charges and restructuring-related transition costs, improved to 12.6% from 10.1% in the prior year's third quarter. Mr. Ayers continued: "We are seeing improvements in our profitability attributable to increased volume and as a direct result of our 4X4 restructuring initiatives. I am pleased with the progress toward positioning our company's cost structure for future growth. We have begun to invest some of these savings in activities that are expected to generate profitable internal sales growth. As we have indicated previously, the company will continue to incur additional restructuring charges and higher levels of restructuring-related transition costs as we continue to implement our 4X4 restructuring initiatives over the next year."

The attached table, "Business Segment Information", provides clarification of reported results for the third quarters of 1996 and 1995, reconciling them with normalized "core" results. Core results exclude restructuring charges and restructuring-related transition costs and serve as the basis of the Tools, Hardware and Specialty Hardware segment comments which follow.

In the Tools segment overall, unit volume sales increased 4% over last year. Consumer tools were up 5%, with strength in all geographic areas. Engineered tools increased 6%, reflecting strong sales volume of fastening tools and fasteners in North America and Canada. Industrial tools unit volume decreased 1%, reflecting continued low volume in our U.S. storage systems business. Core operating profits increased to 13.4% of sales, from 10.8% in the prior year. This improvement results from increased volume, purchasing savings and other 4X4 restructuring initiatives, especially in our Fastening Systems division.

The Hardware segment experienced 4% unit growth in the third quarter, with exceptionally strong demand in the U.S. consumer markets. Core operating profits increased to 12.6% of sales, from 6.4% in the prior year. This improvement results from increased volume, production levels which favorably absorbed factory overhead costs and the positive effects of purchasing and other 4X4 restructuring initiatives.

The Specialty Hardware segment experienced 7% unit growth, with continued strong U.S. home center demand for door products. Core operating profits declined to 8.7% of sales, from 9.5% in the prior year. A 3% price decline in this segment, attributable to

a competitive pricing environment in the U.S. commercial market for automated door products, offset the effects of increased volume and improvement from 4X4 restructuring initiatives.

Mr. Ayers commented on the quarter and general business conditions: "Stronger retail markets provided us with moderate sales growth in the third quarter. Our operating results demonstrate that 4X4 restructuring efforts are streamlining our cost structure as they were intended to do. We are ever more sharply focused on achieving the full potential of all our businesses and have made considerable progress toward the divestiture of non-strategic product segments. We expect the divestiture process to be completed by the end of the current year."

Continuing, Mr. Ayers stated: "Our business units have made great strides in positioning themselves competitively. Their improved cost structures and efficient production capabilities are important to the achievement of profitable growth. Our future growth will come from leveraging these improvements in the marketplace, from acquisitions and from other business ventures. We are well-positioned to identify, finance and manage the growth we seek."

Contact: Gerard J. Gould
 Director, Investor Relations and Communications
 Tel.: (860) 827-3833

The Stanley Works corporate press releases are available through PR Newswire's "Company News On-Call" service. By FAX: dial 1-800-758-5804, ext. 874363 or on the internet at: <http://www.prnewswire.com> or <http://www.StanleyWorks.com>.

THE STANLEY WORKS AND SUBSIDIARIES
 CONSOLIDATED STATEMENTS OF EARNINGS
 (Unaudited, Millions of Dollars Except Per Share Amounts)

	Third Quarter		Nine Months	
	1996	1995	1996	1995
	-----	-----	-----	-----
Net Sales	\$ 672.9	\$ 655.7	\$ 1,985.4	\$ 1,954.5
Costs and Expenses				
Cost of sales	448.4	448.0	1,330.7	1,329.2
Selling, general and				

administrative	151.7	148.0	453.8	443.9
Interest - net	5.2	7.6	17.1	23.2
Other - net	5.5	3.7	13.4	12.7
Restructuring	3.1	41.5	6.9	41.5
	-----	-----	-----	-----
	613.9	648.8	1,821.9	1,850.5
	-----	-----	-----	-----
Earnings before income taxes	59.0	6.9	163.5	104.0
Income Taxes	21.3	8.6	63.6	45.5
	-----	-----	-----	-----
Net Earnings	\$ 37.7	\$ (1.7)	\$ 99.9	\$ 58.5
	=====	=====	=====	=====
Net Earnings Per Share of Common Stock	\$ 0.42	\$ (0.02)	\$ 1.12	\$ 0.66
	=====	=====	=====	=====
Dividends per share	\$ 0.185	\$ 0.18	\$ 0.545	\$ 0.53
	=====	=====	=====	=====
Average shares outstanding (in thousands)	88,847	88,579	88,832	88,718
	=====	=====	=====	=====

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THE STANLEY WORKS AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
(Unaudited, Millions of Dollars)

	Sept 28, 1996	Sept 30, 1995
	-----	-----
ASSETS		
Cash and cash equivalents	\$ 85.0	\$ 48.5
Accounts receivable	473.8	453.4
Inventories	342.4	391.1
Other current assets	39.8	35.6
	-----	-----
Total current assets	941.0	928.6
Property, plant and equipment	526.1	543.0
Goodwill and other intangibles	112.1	145.8
Other assets	110.4	83.8
	-----	-----
	\$ 1,689.6	\$ 1,701.2
	=====	=====
LIABILITIES AND SHAREHOLDERS' EQUITY		
Short-term borrowings	\$ 29.9	\$ 112.6
Accounts payable	128.6	98.9
Accrued expenses	238.8	202.9
	-----	-----
Total current liabilities	397.3	414.4
Long-term debt	350.6	396.3
Other long-term liabilities	154.0	140.8
Shareholders' equity	787.7	749.7
	-----	-----
	\$ 1,689.6	\$ 1,701.2
	=====	=====

THE STANLEY WORKS AND SUBSIDIARIES
PRICE/VOLUME INFORMATION
(Unaudited, Millions of Dollars)

NET SALES

Third Quarter

	1996	Price	Unit Volume	ACQ/ DVT	Curr- ency	1995
INDUSTRY SEGMENTS						
Tools						
Consumer	\$ 187.5	-	5%	(2)%	-	\$ 181.9
Industrial	132.9	3%	(1)%	(1)%	-	131.4
Engineered	173.3	-	6%	(4)%	-	170.9
Total Tools	493.7	1%	4%	(3)%	-	484.2
Hardware	84.3	-	4%	-	-	81.1
Specialty Hardware	94.9	(3)%	7%	1%	-	90.4
Consolidated	\$ 672.9	1%	4%	(2)%	-	\$ 655.7

GEOGRAPHIC AREAS

United States	\$ 478.3	-	4%	(3)%	-	\$ 472.6
Europe	105.1	1%	5%	1%	(2)%	100.3
Other Areas	89.5	1%	8%	-	(1)%	82.8
Consolidated	\$ 672.9	1%	4%	(2)%	-	\$ 655.7

Year to Date

	1996	Price	Unit Volume	ACQ/ DVT	Curr- ency	1995
INDUSTRY SEGMENTS						
Tools						
Consumer	\$ 535.9	1%	-	(1)%	(1)%	\$ 538.7
Industrial	415.8	2%	(2)%	-	-	415.5
Engineered	514.6	-	5%	(4)%	-	510.3
Total Tools	1,466.3	1%	2%	(2)%	(1)%	1,464.5
Hardware	255.4	1%	2%	-	-	247.5
Specialty Hardware	263.7	(1)%	9%	1%	-	242.5
Consolidated	\$ 1,985.4	1%	2%	(1)%	-	\$ 1,954.5
GEOGRAPHIC AREAS						
United States	\$ 1,421.0	1%	3%	(2)%	-	\$ 1,393.2
Europe	314.2	1%	1%	1%	(2)%	312.6
Other Areas	250.2	1%	-	-	-	248.7
Consolidated	\$ 1,985.4	1%	2%	(1)%	-	\$ 1,954.5

THE STANLEY WORKS AND SUBSIDIARIES
BUSINESS SEGMENT INFORMATION
(Unaudited, Millions of Dollars)

OPERATING PROFIT

Third Quarter 1996

	Reported	Restrg Chgs	Related Transition Costs	Core	Core Profit Margin
INDUSTRY SEGMENTS					
Tools	\$ 56.7	\$ 3.7	\$ 5.8	\$ 66.2	13.4%
Hardware	9.6	-	1.0	10.6	12.6%
Specialty Hardware	7.8	-	0.5	8.3	8.7%

Total	74.1	3.7	7.3	85.1	12.6%
Net corporate expenses	(8.7)	(0.6)	0.1	(9.2)	
Interest expense	(6.4)	-	-	(6.4)	
Earnings before income taxes	\$ 59.0	\$ 3.1	\$ 7.4	\$ 69.5	
GEOGRAPHIC AREAS					
United States	\$ 59.3	\$ 1.6	\$ 5.5	\$ 66.4	13.9%
Europe	10.2	1.8	0.4	12.4	11.8%
Other Areas	4.6	0.3	1.4	6.3	7.0%
Total	\$ 74.1	\$ 3.7	\$ 7.3	\$ 85.1	12.6%

Third Quarter 1995

	Reported	Restrgr Chgs	Related Transition Costs	Core	Core Profit Margin
INDUSTRY SEGMENTS					
Tools	\$ 20.7	\$ 30.6	\$ 0.9	\$ 52.2	10.8%
Hardware	(0.9)	5.8	0.3	5.2	6.4%
Specialty Hardware	7.7	0.6	0.3	8.6	9.5%
Total	27.5	37.0	1.5	66.0	10.1%
Net corporate expenses	(11.8)	4.5	1.1	(6.2)	
Interest expense	(8.8)	-	-	(8.8)	
Earnings before income taxes	\$ 6.9	\$ 41.5	\$ 2.6	\$ 51.0	
GEOGRAPHIC AREAS					
United States	\$ 19.1	\$ 30.2	\$ 1.5	\$ 50.8	10.7%
Europe	3.3	6.8	-	10.1	10.1%
Other Areas	5.1	-	-	5.1	6.2%
Total	\$ 27.5	\$ 37.0	\$ 1.5	\$ 66.0	10.1%

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THE STANLEY WORKS AND SUBSIDIARIES
BUSINESS SEGMENT INFORMATION
(Unaudited, Millions of Dollars)

OPERATING PROFIT

Year to Date 1996

	Reported	Restrgr Chgs	Related Transition Costs	Core	Core Profit Margin
INDUSTRY SEGMENTS					
Tools	\$ 167.4	\$ 4.4	\$ 16.3	\$ 188.1	12.8%
Hardware	31.9	-	3.2	35.1	13.7%
Specialty Hardware	16.8	-	1.5	18.3	6.9%
Total	216.1	4.4	21.0	241.5	12.2%
Net corporate expenses	(31.6)	2.5	1.4	(27.7)	
Interest expense	(21.0)	-	-	(21.0)	
Earnings before income taxes	\$ 163.5	\$ 6.9	\$ 22.4	\$ 192.8	
GEOGRAPHIC AREAS					
United States	\$ 168.1	\$ 1.7	\$ 17.4	\$ 187.2	13.2%
Europe	31.1	1.8	1.4	34.3	10.9%
Other Areas	16.9	0.9	2.2	20.0	8.0%
Total	\$ 216.1	\$ 4.4	\$ 21.0	\$ 241.5	12.2%

Year to Date 1995

	Reported	Restrgrg Chgs	Related Transition Costs	Core	Core Profit Margin

INDUSTRY SEGMENTS					
Tools	\$ 131.6	\$ 30.6	\$ 0.9	\$ 163.1	11.1%
Hardware	15.3	5.8	0.3	21.4	8.6%
Specialty Hardware	13.8	0.6	0.3	14.7	6.1%
	-----	-----	-----	-----	
Total	160.7	37.0	1.5	199.2	10.2%
Net corporate expenses	(29.7)	4.5	1.1	(24.1)	
Interest expense	(27.0)	-	-	(27.0)	
	-----	-----	-----	-----	
Earnings before income taxes	\$ 104.0	\$ 41.5	\$ 2.6	\$ 148.1	
	=====	=====	=====	=====	
GEOGRAPHIC AREAS					
United States	\$ 116.3	\$ 30.2	\$ 1.5	\$ 148.0	10.6%
Europe	27.4	6.8	-	34.2	10.9%
Other Areas	17.0	-	-	17.0	6.8%
	-----	-----	-----	-----	
Total	\$ 160.7	\$ 37.0	\$ 1.5	\$ 199.2	10.2%
	=====	=====	=====	=====	