SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

X QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES
-- EXCHANGE ACT OF 1934

For quarterly period ended September 30, 2000

Commission File Number 1-7724

SNAP-ON INCORPORATED
(Exact name of registrant as specified in its charter)

Delaware	39-0622040
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

10801 Corporate Drive, Pleasant Prairie, Wisconsin	53158-1603
(Address of principal executive offices)	(zip code)

Registrant's telephone number, including area code: (262) 656-5200

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 (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes [X] No [ ]

Indicate the number of shares outstanding of each of the registrant's classes of common stock, as of the latest practicable date:

Class	Outstanding at October 28, 2000
Common stock, $1 par value	58,187,552 shares

SNAP-ON INCORPORATED

INDEX

PART I. FINANCIAL INFORMATION

Item 1. Financial Statements

SNAP-ON INCORPORATED
CONSOLIDATED STATEMENTS OF EARNINGS
(Amounts in thousands except per share data)
(Unaudited)

	Thirteen Weeks Ended		Thirty-nine Weeks Ended	
	September 30, 2000	October 2, 1999	September 30, 2000	October 2, 1999
Net sales	$ 511,830	$ 453,157	$1,619,376	$1,378,895
Cost of goods sold	(279,378)	(234,738)	(874,260)	(716,310)
Operating expenses	(189,585)	(170,504)	(582,173)	(527,215)
Net finance income	8,426	12,267	30,576	46,400
Restructuring and other non-recurring charges	-	(5,315)	(353)	(14,285)
Interest expense	(10,297)	(5,262)	(31,195)	(15,360)
Other income (expense) - net	1,318	16,558	3,218	3,319
Earnings before income taxes	42,314	66,163	165,189	155,444
Income tax provision	15,445	23,613	60,287	55,654
Net earnings	$ 26,869	$ 42,550	$ 104,902	$ 99,790
Earnings per weighted average common share - basic	$ .46	$ .73	$ 1.79	$ 1.71
Earnings per weighted average common share - diluted	$ .46	$ .72	$ 1.79	$ 1.69
Weighted average common shares outstanding - basic	58,488	58,491	58,562	58,482
Effect of dilutive options	190	424	189	424
Weighted average common shares outstanding - diluted	58,678	58,915	58,751	58,906
Dividends declared per common share	$ -	$ -	$ .70	$ .67

The accompanying notes are an integral part of these financial statements.

SNAP-ON INCORPORATED
CONSOLIDATED BALANCE SHEETS
(Amounts in thousands except share data)

	September 30, 2000	January 1, 2000
	(Unaudited)	
ASSETS		
Current Assets		
Cash and cash equivalents	$ 8,968	$ 17,617
Accounts receivable, less allowances	618,067	617,645
Inventories		

Finished stock	406,700	418,490
Work in process	48,097	47,869
Raw materials	85,329	81,856
Excess of current cost over LIFO cost	(89,383)	(93,374)
Total inventory	450,743	454,841
Prepaid expenses and other assets	107,324	116,238
Total current assets	1,185,102	1,206,341
Property and equipment		
Land	24,801	26,753
Buildings and improvements	200,151	207,959
Machinery and equipment	479,158	454,089
	704,110	688,801
Accumulated depreciation	(352,364)	(326,203)
Total property and equipment	351,746	362,598
Deferred income tax benefits	53,804	54,652
Intangibles	414,540	453,293
Other assets	70,228	72,938
Total assets	$2,075,420	$2,149,822

The accompanying notes are an integral part of these financial statements.

SNAP-ON INCORPORATED
CONSOLIDATED BALANCE SHEETS
(Amounts in thousands except share data)

	September 30, 2000	January 1, 2000
	(Unaudited)	
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current Liabilities		
Accounts payable	$ 142,769	$ 146,422
Notes payable and current maturities of long-term debt	29,811	22,349
Accrued compensation	49,221	57,540
Dealer deposits	37,288	48,251
Deferred subscription revenue	45,662	42,056
Other accrued liabilities	141,385	136,131
Total current liabilities	446,136	452,749
Long-term debt	563,382	607,476
Deferred income taxes	26,202	26,989
Retiree health care benefits	94,202	91,391
Pension liability	90,302	96,238
Other long-term liabilities	35,400	49,718
Total liabilities	1,255,624	1,324,561
SHAREHOLDERS' EQUITY		
Preferred stock - authorized 15,000,000 shares of $1 par value; none outstanding	-	-
Common stock - authorized 250,000,000 shares of $1 par value; issued - 66,774,173 and 66,729,457 shares	66,774	66,729
Additional paid-in capital	43,272	62,292
Retained earnings	1,020,582	957,763
Accumulated other comprehensive income (loss)	(90,545)	(35,814)
Grantor stock trust at fair market value - 6,443,033 and 6,677,450 shares	(151,798)	(177,373)
Treasury stock at cost - 2,145,047 and 1,505,339 shares	(68,489)	(48,336)

Total shareholders' equity	819,796	825,261
Total liabilities and shareholders' equity	$2,075,420	$2,149,822

The accompanying notes are an integral part of these financial statements.

SNAP-ON INCORPORATED
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Amounts in thousands)
(Unaudited)

	Thirty-nine Weeks Ended	
	September 30, 2000	October 2, 1999
OPERATING ACTIVITIES		
Net earnings	$ 104,902	$ 99,790
Adjustments to reconcile net earnings to net cash provided by operating activities:		
Depreciation	38,741	28,751
Amortization of intangibles	12,711	8,828
Deferred income tax provision	13,916	20,364
Gain on sale of assets	(2,122)	(1,183)
Gain on currency hedge for purchase price commitment, net of tax	-	(1,085)
Changes in operating assets and liabilities:		
(Increase) decrease in receivables	(9,378)	52,904
(Increase) in inventories	(7,645)	(42,483)
(Increase) decrease in prepaid and other assets	(11,479)	54,265
(Decrease) in accounts payable	(2,045)	(24,296)
Increase (decrease) in accruals and other liabilities	(22,480)	7,106
Net cash provided by operating activities	115,121	202,961
INVESTING ACTIVITIES		
Capital expenditures	(42,440)	(27,189)
Acquisitions of businesses - net of cash acquired	(9,610)	(460,763)
Disposal of property and equipment	8,205	6,276
Net cash used in investing activities	(43,845)	(481,676)
FINANCING ACTIVITIES		
Payment of long-term debt	(2,946)	-
Increase in long-term debt	4,153	6,743
Increase (decrease) in short-term borrowings - net	(24,544)	346,296
Purchase of treasury stock - net	(20,153)	(14,714)
Proceeds from stock plans	6,600	7,663
Cash dividends paid	(42,083)	(39,210)
Net cash provided by (used in) financing activities	(78,973)	306,778
Effect of exchange rate changes on cash and cash equivalents	(952)	(416)
Increase (decrease) in cash and cash equivalents	(8,649)	27,647
Cash and cash equivalents at beginning of period	17,617	15,041
Cash and cash equivalents at end of period	$ 8,968	$ 42,688

The accompanying notes are an integral part of these financial statements.

SNAP-ON INCORPORATED
NOTES TO CONSOLIDATED UNAUDITED FINANCIAL STATEMENTS

1. This report should be read in conjunction with the consolidated financial statements and related notes included in Snap-on Incorporated's Annual Report on Form 10-K for the year ended January 1, 2000.

   In the opinion of management, all adjustments (consisting only of normal recurring adjustments and adjustments related to restructuring and other non-recurring charges) necessary to a fair statement of financial condition and results of operations for the thirteen and thirty-nine weeks ended September 30, 2000, have been made. Management also believes that the results of operations for the thirteen and thirty-nine weeks ended September 30, 2000, are not necessarily indicative of the results to be expected for the full year. Certain prior-year amounts have been reclassified to conform with the current-year presentation.

2. On September 30, 1999, Snap-on Incorporated (the "Corporation") acquired Sandvik Saws and Tools, formerly a wholly owned operating unit of Sandvik AB. The Sandvik Saws and Tools business now operates as the Bahco Group AB ("Bahco"). Bahco is a manufacturer and supplier of professional tool products.

   The acquisition was accounted for as a purchase and the results of Bahco have been included in the accompanying consolidated financial statements since the date of the acquisition. A goodwill allocation in accordance with the criteria established under Accounting Principles Board ("APB") Opinion No. 16, "Business Combinations," was performed. The cost of the acquisition has been allocated based on the fair market value of the assets acquired and liabilities assumed, resulting in goodwill of $227 million.

   The following unaudited pro forma summary gives effect to the acquisition of Bahco as if the acquisition had occurred on January 1, 1998, after giving effect to certain adjustments for depreciation, amortization, interest expense and income taxes associated with the purchase method of accounting as performed at the time of the acquisition. The unaudited pro forma summary is based on historical financial data and on assumptions and adjustments that may be inherently subject to significant uncertainty and contingencies. It can be expected that some or all of the assumptions on which the following unaudited pro forma summary is based will prove to be inaccurate. As a result, the unaudited pro forma summary does not purport to represent what the Corporation's results of operations would have been if the acquisition of Bahco had occurred on January 1, 1998, and is not intended to project the Corporation's results of operations for any future period.

(Amounts in thousands except per share data)	Thirteen Weeks Ended October 2, 1999	Thirty-nine Weeks Ended October 2, 1999
Net sales:		
As reported	$ 453,157	$1,378,895
Pro forma (unaudited)	528,461	1,607,841
Net earnings:		
As reported	$ 42,550	$ 99,790
Pro forma (unaudited)	39,500	96,525
Earnings per share - basic:		
As reported	$ .73	$ 1.71
Pro forma (unaudited)	.67	1.65
Earnings per share - diluted:		
As reported	$ .72	$ 1.69
Pro forma (unaudited)	.67	1.64

3. During the third quarter of 2000, the Corporation signed a definitive agreement to divest the Windsor Forestry Tools Inc. business, which was acquired as part of the Sandvik Saws and Tools acquisition. Windsor Forestry Tools Inc. was accounted for as held for sale since acquisition in

accordance with APB Opinion No. 16 and therefore has had no impact on the Corporation's Consolidated Statement of Earnings.

4. The Corporation normally declares and pays in cash four regular, quarterly dividends. However, the third quarter dividend in each year is declared in June, giving rise to two regular quarterly dividends appearing in the second quarter, no regular quarterly dividends appearing in the third quarter and three regular quarterly dividends appearing in the first thirty-nine weeks' statements.

5. Income tax paid for the thirty-nine week period ended September 30, 2000 and October 2, 1999 was $34.8 million and $11.0 million. Interest paid for the thirty-nine week period ended September 30, 2000 and October 2, 1999 was $30.2 million and $20.3 million.

6. For the first nine months of 2000, the Corporation recorded $0.3 million in pre-tax, non-recurring charges relating to relocation costs. For the third quarter of 1999, the Corporation recorded $5.3 million of pre-tax, non-recurring charges comprised of employee incentives ($0.2 million), relocation costs ($3.3 million) and professional services ($1.8 million). For the first nine months of 1999, the Corporation recorded $14.3 million of pre-tax, non-recurring charges comprised of employee incentives ($1.1 million), relocation costs ($7.0 million) and professional services ($6.2 million). The above non-recurring charges did not qualify for restructuring treatment and were expensed as incurred.

7. Earnings per share calculations were computed by dividing net earnings by the corresponding weighted average common shares outstanding for the period. The dilutive effect of the potential exercise of outstanding options to purchase shares of common stock is calculated using the treasury stock method.

8. In June 1999 the Financial Accounting Standards Board ("FASB") issued Statement of Financial Accounting Standards ("SFAS") No. 137, "Accounting for Derivative Instruments and Hedging Activities - Deferral of the Effective Date of FASB Statement No. 133." SFAS No. 137 defers the effective date of SFAS No. 133, which establishes accounting and reporting standards for derivative instruments and for hedging activities, to fiscal years beginning after June 15, 2000. In June 2000 the FASB issued SFAS No. 138, "Accounting for Certain Derivative Instruments and Certain Hedging Activities - an Amendment to FASB Statement No. 133". The Corporation has identified all hedge activities and is currently evaluating the impact of this pronouncement.

During the third quarter of 2000, the Corporation evaluated the Securities and Exchange Commission's ("SEC") Staff Accounting Bulletin 101, "Revenue Recognition in Financial Statements," which provides guidance on applying generally accepted accounting principles for recognizing revenue. This bulletin has no impact on the Corporation's consolidated financial statements.

9. Total comprehensive income for the thirteen and thirty-nine week periods ended September 30, 2000, and October 2, 1999, was as follows:

	Thirteen Weeks Ended		Thirty-nine Weeks Ended	
(Amounts in thousands)	September 30, 2000	October 2, 1999	September 30, 2000	October 2, 1999
Net earnings	$ 26,869	$ 42,550	$104,902	$ 99,790
Foreign currency translation	(49,234)	4,216	(54,731)	(5,011)
Total comprehensive income	$ (22,365)	$ 46,766	$ 50,171	$ 94,779

10. The Corporation uses derivative instruments to manage well-defined interest rate and foreign currency exposures. The Corporation does not use derivative instruments for trading purposes. The criteria used to determine

if hedge accounting treatment is appropriate are (i) the designation of the hedge to an underlying exposure, (ii) whether or not overall risk is being reduced, and (iii) if there is a correlation between the value of the derivative instrument and the underlying obligation.

Interest Rate Derivative Instruments: The Corporation enters into interest rate swap agreements to manage interest costs and risks associated with changing interest rates. The differentials paid or received on interest rate agreements are accrued and recognized as adjustments to interest expense. Gains and/or losses realized upon settlement of these agreements are deferred and amortized to interest expense over a period relevant to the agreement if the underlying hedged instrument remains outstanding, or immediately if the underlying hedged instrument is settled.

Foreign Currency Derivative Instruments: The Corporation has operations in a number of countries and, as a result, is exposed to changes in foreign currency exchange rates. The Corporation manages most of these exposures on a consolidated basis, which allows the netting of certain exposures to take advantage of any natural offsets. To the extent the net exposures are hedged, forward contracts are used. Gains and/or losses on these foreign currency hedges are included in income in the period in which the exchange rates change.

In the second quarter of 1999, the Corporation entered into a forward currency hedge to buy 3.2 billion of Swedish Krona on the US$400 million equivalent purchase price commitment for the Sandvik acquisition. The hedge was marked to market at the end of the second quarter resulting in a $13.6 million pre-tax unrealized loss. At the end of the third quarter of 1999, a $15.3 million pre-tax gain was recognized at the close of the Sandvik acquisition, resulting in a year-to-date net gain of $1.7 million pretax.

The pre-tax gain is included in the consolidated statements of earnings under other income (expense) - net. Other than the forward currency hedge related to the Sandvik acquisition, gains and/or losses from foreign currency hedges have not been material to the consolidated financial statements.

11. In April 1996, the Corporation filed a complaint against SPX Corporation ("SPX") alleging infringement of the Corporation's patents and asserting claims relating to SPX's hiring of the former president of Sun Electric. SPX filed a counterclaim, alleging infringement of certain SPX patents. Upon the Corporation's request for re-examination, the U.S. Patent and Trademark Office initially rejected SPX's patents as invalid, but reconfirmed them. Neither the complaint nor the counterclaim contains specific allegations of damages; however, the parties' claims could involve multiple millions of dollars. It is not possible at this time to assess the outcome of any of the claims.

    The Corporation is involved in other various legal matters that are being defended and handled in the ordinary course of business. Although it is not possible to predict the outcome of these other matters, management believes that the results will not have a material impact on the Corporation's financial statements.

12. The Corporation has two reportable segments: Global Transportation and Global Operations. These segments are based on the organization structure used by management for making operating and investment decisions and for assessing performance. The Global Transportation segment consists of the Corporation's business operations serving the dealer van channel worldwide. The Global Operations segment consists of the business operations serving the direct sales and distributor channels worldwide. These two segments derive revenues primarily from the sale of tools and equipment.

    The Corporation evaluates the performance of its operating segments based on segment net sales and pre-tax earnings. The Corporation accounts for intersegment sales and transfers based primarily on standard costs established between the segments. The Corporation allocates shared service expenses to those segments that utilize the services based on their percentage of revenues from external sources. Restructuring and other non-recurring charges are not allocated to the reportable segments.

Financial data by segment: (Amounts in thousands)	Thirteen Weeks Ended September 30, 2000	Thirteen Weeks Ended October 2, 1999	Thirty-nine Weeks Ended September 30, 2000	Thirty-nine Weeks Ended October 2, 1999
Net sales from external customers:				
Global Transportation	$ 251,298	$ 253,004	$ 796,569	$ 779,656
Global Operations	260,532	200,153	822,807	599,239
Total from reportable segments	$ 511,830	$ 453,157	$ 1,619,376	$ 1,378,895
Intersegment sales:				
Global Transportation	$ 34	$ 79	$ 41	$ 90
Global Operations	81,899	100,042	269,846	319,556
Total from reportable segments	81,933	100,121	269,887	319,646
Elimination of intersegment sales	(81,933)	(100,121)	(269,887)	(319,646)
Total consolidated intersegment sales	$ -	$ -	$ -	$ -
Earnings:				
Global Transportation	$ 23,590	$ 30,827	$ 98,996	$ 87,982
Global Operations	19,277	17,088	63,947	47,388
Total from reportable segments	42,867	47,915	162,943	135,370
Net finance income	8,426	12,267	30,576	46,400
Restructuring and other non-recurring charges	-	(5,315)	(353)	(14,285)
Interest expense	(10,297)	(5,262)	(31,195)	(15,360)
Other income (expense) - net	1,318	16,558	3,218	3,319
Total consolidated earnings before taxes	$ 42,314	$ 66,163	$ 165,189	$ 155,444

Financial data by segment as of: (Amounts in thousands)	September 30, 2000	January 1, 2000
Total assets:		
Global Transportation	$ 776,412	$ 766,759
Global Operations	1,219,269	1,315,602
Total from reportable segments	1,995,681	2,082,361
Financial Services	102,823	97,267
Elimination of intersegment receivables	(23,084)	(29,806)
Total consolidated assets	$ 2,075,420	$ 2,149,822

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations.

RESULTS OF OPERATIONS

Overview: Net sales increased 12.9% to a record $511.8 million for the third quarter and increased 17.4% to a record $1.6 billion for the first nine months of 2000 as compared to $453.2 million and $1.4 billion in the prior-year periods. The increase in net sales in the third quarter of 2000 primarily reflects the contribution from Bahco Group AB ("Bahco," formerly Sandvik Saws and Tools), which was acquired September 30, 1999. Organic sales growth was 1% in the third quarter of 2000, excluding the 15% contribution from Bahco, the negative 2% impact from currency translation and the negative 1% impact from discontinued product lines. The increase in net sales for the first nine months of 2000 primarily reflects the contribution from Bahco and growth in franchise dealer sales. Organic sales growth for the first nine months of 2000 was 6%, excluding the 15% contribution from Bahco, the negative 2% impact from currency translation and the negative 2% impact from discontinued product lines.

Net earnings for the third quarter and first nine months of 2000 were $26.9 million and $104.9 million as compared to $42.6 million and $99.8 million in the prior-year periods. Diluted earnings per share for the third quarter and first nine months of 2000 were $0.46 and $1.79 per share, as compared to $0.72 and $1.69 per share in the prior-year periods. Net earnings for the third quarter of 2000 were adversely impacted by a less robust market for tools and equipment in the vehicle-repair market in both Europe and North America. Net earnings for the nine months ended September 30, 2000 were driven by an increase in operating profit (segment earnings before the contribution of net finance income) of 20.4%. The improvement in operating profit for the nine-month period was due to the increase in sales and savings generated by Project Simplify. Net earnings for both the three- and nine-month periods were impacted by higher interest expense as a result of the Bahco acquisition and the expected decline in net finance income.

Net earnings for the third quarter of 1999 were $36.6 million, excluding other non-recurring charges related to Project Simplify of $3.2 million after tax, a gain of $9.8 million after tax on the forward currency hedge for the Bahco acquisition and a $0.7 million after tax charge resulting from settlement of litigation with the State of Texas ("non-recurring items"). Net earnings for the first nine months of 1999 were $108.2 million, excluding non-recurring charges related to Project Simplify of $8.8 million after tax, a gain on a forward currency hedge of $1.1 million after tax and the settlement of litigation with the State of Texas of $0.7 million after tax. Diluted earnings per share, excluding non-recurring items were $0.62 and $1.84 for the third quarter and nine months ended October 2, 1999.

The Corporation's simplification initiative, Project Simplify, which began in the third quarter of 1998 and was essentially completed and fully provided for at 1999 year end, was a broad program of internal rationalizations, consolidations and reorganizations intended to make the Corporation's business operations simpler and more effective. The initiative's savings goal, which was to reduce annual costs by approximately $60 million, with one-half of the savings realized in 1999, has been achieved.

For the first nine months of 2000, the Corporation recorded $0.3 million in pre-tax, non-recurring charges relating to relocation costs. For the third quarter of 1999, the Corporation recorded $5.3 million of pre-tax, non-recurring charges comprised of employee incentives ($0.2 million), relocation costs ($3.3 million) and professional services ($1.8 million). For the first nine months of 1999, the Corporation recorded $14.3 million of pre-tax, non-recurring charges comprised of employee incentives ($1.1 million), relocation costs ($7.0 million) and professional services ($6.2 million). The above non-recurring, pre-tax charges did not qualify for restructuring treatment and were therefore expensed as incurred.

Segment Results: In the worldwide Snap-on(R) dealer channel segment, Global Transportation, sales for the third quarter declined by 0.7% over the prior year to $251.3 million. Organic sales for the segment grew 1%, excluding currency translation and the impact of emissions-testing equipment. North American dealer sales increased 1% in the third quarter of 2000 compared with the equivalent period in 1999, excluding emissions-testing equipment. In local currencies, Japan and Australia were down 8% and European dealer sales were down 5% (and down 13% in dollar terms). Segment earnings for the third quarter decreased 24% year-over-year, largely reflecting less-than-anticipated sales, coupled with a less profitable product mix and higher freight costs. For the nine-month period, sales were up 2.2% to $796.6 million. Overall, organic sales grew 4%, excluding currency translation and the impact of emissions-testing equipment. North American dealer sales increased 3% in the nine months of 2000 compared with the equivalent period in 1999, excluding emissions-testing equipment. In local currencies, Japan and Australia were up less than 1% and European dealer sales were up 1%. Segment earnings for the nine-month period increased 13% year-over-year reflecting sales growth. In addition, continued cost savings from the Corporation's streamlining efforts positively influenced segment earnings for both the three- and nine-month periods.

In the Corporation's commercial and industrial tool, diagnostics and equipment business segment, Global Operations, sales for the third quarter grew by 30.2% over the prior year to $260.5 million, primarily from the addition of Bahco. Excluding currency translation, sales grew 35.3%. Organic sales for the third quarter increased 1%, excluding Bahco and currency effects. For the third quarter, a 5% growth in industrial sales and incremental facilitation sales to new-vehicle dealerships was partially offset by the negative impact from currency translation, the continued soft market for diagnostics and emissions-testing equipment in Europe, and a decline in equipment sales in North America. Segment earnings increased 13% during the quarter versus the comparable prior-year period, principally from the addition of Bahco, the growth in industrial sales and an improvement in operating profitability in Europe, partially offset by the decline in equipment sales. For the nine months ended September 30, 2000, sales grew by 37.3% to $822.8 million from $599.2 million in the comparable 1999 period, primarily from the addition of Bahco and incremental growth in the facilitation business. Excluding currency translation, sales grew 42.7%. Organic growth, excluding Bahco and the impact of currency translation was 6.0% for the nine months ended September 30, 2000, versus the comparable 1999 period. For the nine-month period, earnings increased 35% year-over-year, benefiting from organic growth, the addition of Bahco and improved operating profitability in Europe, partially offset by the decline in equipment sales.

Gross margins as a percentage of sales were 45.4% and 46.0% for the third quarter and first nine months of 2000 compared to 48.2% and 48.1% in the comparable prior-year periods. The decline in margins reflects both a shift from the historical mix of Snap-on product to include higher volumes of lower margin sales associated with the facilitation business (equipment sales to new vehicle dealerships under facilitation agreements such as the Ford Rotunda program) and sales of lower-margin Bahco product. Bahco primarily sells its products through distributors, resulting in lower gross margins and higher operating expenses as a percent of sales when compared to the Corporation's historical business mix. In addition, the Corporation's margin erosion was also the result of having significant sourcing platforms in strong currency denominated countries.

Operating expenses as a percentage of net sales decreased to 37.0% in the third quarter of 2000 from 37.6% in the prior-year period. For the nine-month period, operating expenses as a percentage of net sales decreased to 36.0% in 2000 from 38.2% in the prior-year period. The decline in operating expenses as a percentage of net sales for the third quarter and nine-month periods primarily reflects the business mix shift from the addition of Bahco and the incremental growth of the distribution facilitation business along with benefits realized from Project Simplify. This was partially offset by higher freight costs and other increases in expenses not absorbed due to the less-than-anticipated sales levels.

Net finance income was $8.4 million and $30.6 million for the third quarter and first nine months of 2000, a decline from $12.3 million and $46.4 million in the comparable 1999 periods. The declines in net finance income are largely a result of difficult comparisons to 1999 and the adverse effect of higher interest rates, partially offset by an increase in loan originations. In January 1999, credit receivables were sold that generated a gain, the result of the establishment of the financial services joint venture with Newcourt Financial USA Inc. (now CIT) to leverage the infrastructure and new product development capabilities of a strong financial products partner and to enhance economic profit. As the Corporation made its transition to an "origination fee" business model from what had essentially been an "interest-rate-spread" business, the domestic credit receivables portfolio was sold, generating incremental gains. During the third quarter and first nine months of 2000, originations have grown at a low double-digit rate influenced by the addition of new financing products.

Interest expense for the third quarter of 2000 was $10.3 million, up from $5.3 million in the third quarter of 1999. For the first nine months of 2000, interest expense increased to $31.2 million from $15.4 million in the comparable 1999 period. The year-over-year increase in interest expense is primarily due to the financing of the Bahco acquisition and higher domestic and international interest rates.

Other income (expense)-net was $1.3 million for the third quarter and $3.2 million for the first nine months of 2000 as compared to $16.6 million and $3.3 million in the comparable 1999 periods. This line item includes all non-operating items such as interest income, minority interests, gains and losses on the disposal of fixed assets, foreign exchange transaction gains and losses, and other miscellaneous items. Included in the 1999 third quarter is a $15.3 million gain on a forward currency hedge related to the purchase price commitment for the Bahco acquisition.

The effective tax rate was 36.5% in the third quarter and first nine months of 2000, and 35.7% and 35.8% in the comparable prior-year periods. The increase in 2000 is due primarily to goodwill amortization from the Bahco acquisition.

FINANCIAL CONDITION

Liquidity: Cash and cash equivalents were $9.0 million at the end of the third quarter, down from $17.6 million at the end of 1999. Net cash provided by operating activities was $115.1 million for the first nine months of 2000. In the comparable prior-year period, net cash provided by operating activities was $203.0 million, including $96.8 million related to the sale of receivables to CIT during the first quarter of 1999. Working capital of $739.0 million at the end of the third quarter was down from $753.6 million at the end of 1999. Total-debt-to-total-capital ratio at the end of the third quarter was 42.0% compared to 43.3% at year-end 1999.

The Corporation has a shelf registration that allows for the issuance from time to time of up to $300.0 million of unsecured indebtedness. As of September 30, 2000, $100.0 million aggregate principal amount of notes have been issued. The notes require payment of interest on a semiannual basis at a rate of 6.625% and mature on October 1, 2005.

The Corporation believes it has sufficient sources of liquidity to support working capital requirements, finance capital expenditures and pay dividends.

Accounts receivable, less allowances: Net receivables were $618.1 million at September 30, 2000, versus $617.6 million at year-end.

Inventories: Inventories are down slightly to $450.7 million at the end of the third quarter as compared to $454.8 million at the end of 1999, due to currency translation and the emphasis on improving inventory turnover.

Capital Expenditures: Capital expenditures increased to $42.2 million at the end of September, versus $27.2 million over last year, reflecting capital expenditures from the addition of Bahco, new product development involving capitalizable software, development cost for the Corporation's new e-commerce initiative, and production and distribution equipment.

Liabilities: Total short-term and long-term debt decreased 5.8% to $593.2 million at the end of the third quarter, versus $629.8 million at the end of 1999, reflecting strong cash flow.

Share repurchase: The Corporation has undertaken stock repurchases from time to time to prevent dilution created by shares issued for employee and dealer stock purchase plans, stock options and other corporate purposes, as well as to repurchase shares when market conditions are favorable. At its January 1999 meeting, the Board of Directors authorized the repurchase of up to $50.0 million of the Corporation's common stock. This action followed the board's authorization in 1998 to repurchase up to $100.0 million of common stock and its authorization in 1997 for the repurchase of up to $100.0 million of common stock. At the end of 1999, all of the 1999 authorization and substantially all of the 1998 authorization remained available. The Corporation repurchased 639,708 shares of its common stock during the third quarter of 2000, 492,800 shares in 1999 and 2,279,400 shares in 1998. Since 1995, the Corporation has repurchased 9,209,791 shares.

Foreign currency: The Corporation operates in a number of countries and, as a result, is exposed to changes in foreign currency exchange rates. Most of these exposures are managed on a consolidated basis to take advantage of natural offsets. To the extent that net exposures are hedged, forward contracts are used. Refer to Note 10 for a discussion of the Corporation's accounting policies for the use of derivative instruments.

Euro conversion: On January 1, 1999, certain member countries of the European Union established fixed conversion rates between their existing currencies ("legacy currencies") and one common currency - the euro. The euro trades on currency exchanges and may be used in business transactions. Beginning in January 2002, the new euro-denominated bills and coins will be used, and legacy currencies will be withdrawn from circulation. The Corporation's operating subsidiaries affected by the euro conversion are developing plans to address the systems and business issues affected by the euro currency conversion. These issues include, among others, (i) the need to adapt computer and other business systems and equipment to accommodate euro-denominated transactions, and (ii) the competitive impact of cross-border price transparency, which may affect pricing strategies. The Corporation does not expect this conversion to have a material impact on its financial condition or results of operations.

Outlook: As the markets adapt to the effects of higher fuel costs, the Corporation is beginning to see some moderation in their impact on sales levels. The Corporation expects a resumption of increased sales during the fourth quarter. Increasing the number of new dealers remains a point of focus. The Corporation anticipates that the dealer network will increase approximately 10% during the next twelve to eighteen months to better serve North American customers. In addition, the Corporation will manage expenses to adjust to the overall softer market conditions. As of the filing date of this Form 10-Q, as tracked by First Call Corporation, the consensus estimate for the fourth quarter was $0.66 per dilutive share within a range of $0.53 to $0.72 per dilutive share and the 2001 consensus estimate was $2.74 per dilutive share within a range of $2.55 to $2.85 per dilutive share. The Corporation currently expects to meet these fourth quarter and year 2001 expectations.

Safe Harbor: Statements in this document that are not historical facts, including statements (i) that include the words "believes," "expects," "anticipates," or "estimates" or similar words with reference to the Corporation or management; (ii) specifically identified as forward-looking; or (iii) describing the Corporation's or management's future plans, objectives or goals, are forward-looking statements. The Corporation or its representatives may also make similar forward-looking statements from time to time orally or in writing. The Corporation cautions the reader that these statements are subject to risks, uncertainties or other factors that could cause (and in some cases have caused) actual results to differ materially from those described in any such statement. Those important factors include the timing and progress with which the Corporation can continue to achieve higher productivity and attain further cost reductions; the Corporation's ability to retain and attract dealers, to integrate Bahco successfully, to realize benefits in growth and efficiencies

from e-business investments and to withstand external negative factors including changes in trade, monetary and fiscal policies, laws and regulations, or other activities of governments or their agencies; and the absence of significant changes in the current competitive environment, inflation, oil and fuel prices, customer demand, currency fluctuations or the material worsening of economic and political situations around the world. These factors may not constitute all factors that could cause actual results to differ materially from those discussed in any forward-looking statement. The Corporation operates in a continually changing business environment and new factors emerge from time to time. The Corporation cannot predict such factors nor can it assess the impact, if any, of such factors on the Corporation or its results. Accordingly, forward-looking statements should not be relied upon as a prediction of actual results. The Corporation disclaims any responsibility to update any forward-looking statement provided in this document. The Corporation's outlook contains consensus earnings estimates calculated by First Call Corporation based on earnings projections made by the analysts who cover Snap-on Incorporated. Any opinions, estimates or forecasts regarding Snap-on Incorporated's performance made by these analysts are theirs alone and do not represent opinions, forecasts or predictions of Snap-on Incorporated or its management except as specifically noted above. First Call Corporation is a global research network that offers shareholder data.

Item 3: Quantitative and Qualitative Disclosures About Market Risk

The Corporation uses derivative instruments to manage well-defined interest rate and foreign currency exposures and to limit the impact of interest rate and foreign currency rate changes on earnings and cash flows. The Corporation does not use derivative instruments for trading purposes.

Value at Risk: The Corporation utilizes a "Value-at-Risk" ("VAR") model to determine the potential one-day loss in the fair value of its interest rate and foreign exchange-sensitive financial instruments from adverse changes in market factors. The VAR model estimates are made assuming normal market conditions and a 95% confidence level. The Corporation's computations are based on the inter-relationships among movements in various currencies and interest rates (variance/co-variance technique). These inter-relationships were determined by observing interest rate and foreign currency market changes over the preceding quarter.

The Corporation has operations in a number of countries and has intercompany transactions among them and, as a result, is exposed to changes in foreign currency exchange rates. The Corporation manages most of these exposures on a consolidated basis, which allows netting certain exposures to take advantage of any natural offsets. To the extent the net exposures are hedged, forward contracts are used. The Corporation also enters into interest rate swap agreements to manage interest costs and risks associated with changing interest rates.

The estimated maximum potential one-day loss in fair value, calculated using the VAR model, at September 30, 2000, was $0.3 million on interest rate-sensitive financial instruments, and $0.8 million on foreign currency-sensitive financial instruments.

The VAR model is a risk management tool and does not purport to represent actual losses in fair value that will be incurred by the Corporation, nor does it consider the potential effect of favorable changes in market factors.

PART II. OTHER INFORMATION

Item 6: Exhibits and Reports on Form 8-K

Item 6(a): Exhibits

Exhibit 27 Financial Data Schedule

Exhibit 99 Acquisition Schedule

Item 6(b): Reports on Form 8-K Filed During the Reporting Period

During the third quarter of 2000, the Corporation reported on Form 8-K the following:

Date Filed	Date of Report	Item

September 21, 2000	September 21, 2000	Item 5. The Corporation filed a press release announcing third-quarter and full-year performance expectations.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, Snap-on Incorporated has duly caused this report to be signed on its behalf by the undersigned duly authorized persons.

SNAP-ON INCORPORATED

Date: November 13, 2000 /s/ R. A. Cornog

R. A. CORNOG
(Chairman, President and Chief Executive Officer)

Date: November 13, 2000 /s/ N. T. Smith

N. T. SMITH
(Principal Accounting Officer and Controller)

<ARTICLE> 5
<LEGEND>
THE SCHEDULE CONTAINS SUMMARY FINANCIAL INFORMATION EXTRACTED FROM THE CONSOLIDATED FINANCIAL STATEMENTS OF SNAP-ON INCORPORATED AS OF AND FOR THE THIRTY-NINE WEEKS ENDED SEPTEMBER 30, 2000 AND IS QUALIFIED IN ITS ENTIRETY BY REFERENCE TO SUCH FINANCIAL STATEMENTS.
</LEGEND>
<MULTIPLIER> 1,000

<PERIOD-TYPE>	9-MOS	
<FISCAL-YEAR-END>		DEC-30-2000
<PERIOD-START>		JAN-02-2000
<PERIOD-END>		SEP-30-2000
<CASH>		8,968
<SECURITIES>		0
<RECEIVABLES>		647,966
<ALLOWANCES>		29,899
<INVENTORY>		450,743
<CURRENT-ASSETS>		1,185,102
<PP&E>		704,110
<DEPRECIATION>		352,364
<TOTAL-ASSETS>		2,075,420
<CURRENT-LIABILITIES>		446,136
<BONDS>		563,382
<PREFERRED-MANDATORY>		0
<PREFERRED>		0
<COMMON>		66,774
<OTHER-SE>		753,022
<TOTAL-LIABILITY-AND-EQUITY>		2,075,420
<SALES>		1,619,376
<TOTAL-REVENUES>		1,619,376
<CGS>		874,260
<TOTAL-COSTS>		874,260
<OTHER-EXPENSES>		582,173
<LOSS-PROVISION>		0
<INTEREST-EXPENSE>		31,195
<INCOME-PRETAX>		165,189
<INCOME-TAX>		60,287
<INCOME-CONTINUING>		104,902
<DISCONTINUED>		0
<EXTRAORDINARY>		0
<CHANGES>		0
<NET-INCOME>		104,902
<EPS-BASIC>		1.79
<EPS-DILUTED>		1.79

Exhibit 99

UNAUDITED PRO FORMA FINANICAL STATEMENT SCHEDULE OF BAHCO GROUP AB ACQUISITION

On September 30, 1999, the Corporation acquired Sandvik Saws and Tools, formerly a wholly owned operating unit of Sandvik AB. Sandvik Saws and Tools business now operates as the Bahco Group AB ("Bahco"). Bahco is a manufacturer and supplier of professional tool products and employs approximately 2,400 people. Of those, approximately 1,000 employees are in Sweden. Products are manufactured at 11 plants in Sweden, Germany, Portugal, France, England, the United States and Argentina.

The acquisition has been accounted for as a purchase and the results of Bahco have been included in the accompanying consolidated financial statements since the date of the acquisition. The total purchase price of $391 million includes the purchase of facilities, a number of brand names and trademarks, and certain other assets and liabilities. The Corporation funded the acquisition through working capital and an expansion of an existing commercial paper credit facility.

A goodwill allocation in accordance with the criteria established under Accounting Principles Board ("APB") Opinion No. 16, "Business Combinations," has been performed. The cost of the acquisition has been allocated on the basis of the fair market value of the assets acquired and the liabilities assumed, resulting in goodwill of $227 million.

The allocation of the purchase price of $391 million, which includes direct acquisition costs of $14 million, is as follows:

(Amounts in millions)	
Fair value of property and equipment	$ 98
Fair value of patents and trademarks	25
Other net assets acquired	41
Goodwill	227
Purchase price	$ 391

Assigned useful lives are as follows:	
Patents	13 years
Trademarks	40 years
Goodwill	40 years

The following unaudited pro forma statement of earnings of the Corporation gives effect to the acquisition of Bahco as if the acquisition had occurred on January 1, 1998, after giving effect to certain adjustments for depreciation, amortization, interest expense, and income taxes associated with the purchase method of accounting as performed at the time of the acquisition.

For pro forma purposes, the Corporation's Unaudited Consolidated Statement of Earnings for the thirteen weeks ended October 2, 1999, has been combined with the Unaudited Combined Statement of Revenues and Direct Expenses of the Bahco Group for the three months ended September 30, 1999, and the effects of pro forma adjustments as set forth in the notes thereto.

For pro forma purposes, the Corporation's Unaudited Consolidated Statement of Earnings for the thirty-nine weeks ended October 2, 1999, has been combined with the Unaudited Combined Statement of Revenues and Direct Expenses of the Bahco Group for the nine months ended September 30, 1999, and the effects of pro forma adjustments as set forth in the notes thereto.

The following unaudited pro forma statements of earnings are based on historical financial data and on assumptions and adjustments described in the notes thereto. All such assumptions and adjustments are inherently subject to significant uncertainty and contingencies. It can be expected that some or all of the assumptions on which the following unaudited pro forma statements of earnings are based will prove to be inaccurate. As a result, the unaudited pro forma statements of earnings do not purport to represent what the Corporation's results of operations would have been if the acquisition of Bahco had occurred on January 1, 1998, and is not intended to project the Company's results of operations for any future period. The actual purchase price allocation will result in changes to the amount of recorded assets and goodwill included as pro forma amounts.

Unaudited Pro Forma Statement of Earnings
(Amounts in thousands except per share data)

	Snap-on Incorporated Unaudited Consolidated Statement of Earnings Thirteen Weeks Ended October 2, 1999	Bahco Group Unaudited Combined Statement of Revenues and Direct Expenses Three-Months Ended September 30, 1999	Pro forma Adjustments	Pro forma
Net sales	$ 453,157	$ 75,304	$ -	$ 528,461
Cost of goods sold	(234,738)	(55,349)	(615) a	(290,702)
Operating expenses	(170,504)	(18,743)	(1,320) b	(190,567)
Net finance income	12,267	-	-	12,267
Restructuring and other non-recurring charges	(5,315)	-	-	(5,315)
Interest expense	(5,262)	-	(3,912) c	(9,174)
Other income (expense) - net	16,558	185	-	16,743
Earnings (loss) before income taxes	66,163	1,397	(5,847)	61,713
Income tax provision (benefit)	23,613	-	(1,400) d	22,213
Net earnings (loss)	$ 42,550	$ 1,397	$ (4,447)	$ 39,500
Earnings per weighted average common share - basic	$ .73			$ .67
Earnings per weighted average common share - diluted	$ .72			$ .67
Weighted average common shares outstanding - basic	58,491			58,491
Effect of dilutive options	424			424
Weighted average common shares outstanding - diluted	58,915			58,915

Unaudited Pro Forma Statement of Earnings
(Amounts in thousands except per share data)

	Snap-on Incorporated Unaudited Consolidated Statement of Earnings Thiry-nine Weeks Ended October 2, 1999	Bahco Group Unaudited Combined Statement of Revenues and Direct Expenses Nine Months Ended September 30, 1999	Pro forma Adjustments	Pro forma
Net sales	$ 1,378,895	$ 228,946	$ -	$ 1,607,841
Cost of goods sold	(716,310)	(159,064)	(1,845) a	(877,219)
Operating expenses	(527,215)	(57,964)	(3,960) b	(589,139)
Net finance income	46,400	-	-	46,400
Restructuring and other non-recurring charges	(14,285)	-	-	(14,285)
Interest expense	(15,360)	-	(11,738) c	(27,098)
Other income (expense) - net	3,319	983	-	4,302
Earnings (loss) before income taxes	155,444	12,901	(17,543)	150,802
Income tax provision (benefit)	55,654	-	(1,377) d	54,277
Net earnings (loss)	$ 99,790	$ 12,901	$ (16,166)	$ 96,525
Earnings per weighted average common share - basic	$ 1.71			$ 1.65
Earnings per weighted average common share - diluted	$ 1.69			$ 1.64

Weighted average common shares outstanding - basic	58,482	58,482
Effect of dilutive options	424	424
Weighted average common shares outstanding - diluted	58,906	58,906

The following notes to the pro forma adjustments for the Unaudited Pro forma Statement of Earnings for the third quarter and first nine months of 1999 represent the adjustments that would have resulted from the acquisition of the Bahco Group had the acquisition occurred on January 1, 1998.

(a) To adjust depreciation expense for the preliminary change in the basis to fair market value of property, plant and equipment.

(b) To adjust depreciation and amortization expense for the preliminary change in the basis to fair market value of property, plant and equipment and intangible assets, including goodwill.

(c) To record additional interest expense resulting from the debt issued to acquire the Bahco Group.

(d) To record an income tax benefit(expense) to return to an appropriate consolidated effective tax rate of 36% for 1999.