UNITED STATES
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 March 29, 2003

Commission File Number 1-7724

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

Delaware (State or other jurisdiction of incorporation or organization)	39-0622040 (I.R.S. Employer Identification No.)
10801 Corporate Drive, Pleasant Prairie, Wisconsin (Address of principal executive offices)	53158-1603 (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 by check mark whether the registrant is an accelerated filer (as defined in Rule 12b-2 of the Exchange Act). 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 April 25, 2003
Common stock, $1 par value	58,189,891 shares

SNAP-ON INCORPORATED

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PART I. FINANCIAL INFORMATION

Item 1: Financial Statements

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

	Three Months Ended March 29, 2003	Three Months Ended March 30, 2002
Net sales	$ 543.1	$ 510.0
Cost of goods sold	(297.7)	(274.3)
Gross profit	245.4	235.7
Operating expenses	(212.9)	(201.3)
Net finance income	10.5	7.3
Operating earnings	43.0	41.7
Interest expense	(6.4)	(7.8)
Other income (expense) - net	(3.7)	(.1)
Earnings before income taxes	32.9	33.8
Income taxes	11.5	12.1
Earnings before cumulative effect of a change in accounting principle	21.4	21.7
Cumulative effect of a change in accounting principle for goodwill, net of tax	-	2.8
Net earnings	$ 21.4	$ 24.5
Net earnings per share - basic and diluted:		
Earnings before cumulative effect of a change in accounting principle	$ .37	$ .37
Cumulative effect of a change in accounting principle, net of tax	-	.05
Net earnings per share	$ .37	$ .42
Weighted-average shares outstanding:		
Basic	58.2	58.0
Effect of dilutive options	.1	.7
Diluted	58.3	58.7
Dividends declared per common share	$ .25	$ .24

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See Notes to Consolidated Financial Statements.

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

	March 29, 2003 (unaudited)	December 28, 2002
ASSETS		
Current Assets		
Cash and cash equivalents	$ 15.4	$ 18.4
Accounts receivable - net of allowances	561.0	556.2
Inventories		
Finished goods	328.0	337.5
Work in process	43.7	42.0
Raw materials	91.2	86.2
Excess of current cost over LIFO cost	(94.7)	(95.8)
Total inventory	368.2	369.9
Prepaid expenses and other assets	120.5	106.5
Total current assets	1,065.1	1,051.0
Property and equipment		
Land	24.4	23.8
Buildings and improvements	208.0	202.9
Machinery and equipment	556.0	541.8
	788.4	768.5
Accumulated depreciation	(455.3)	(438.3)
Property and equipment - net	333.1	330.2
Deferred income tax benefits	61.7	60.9
Goodwill - net	375.7	366.4
Other intangibles - net	66.1	65.7
Other assets	121.8	119.9
Total assets	$2,023.5	$1,994.1

See Notes to Consolidated Financial Statements.

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

	March 29, 2003 (unaudited)	December 28, 2002
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current Liabilities		
Accounts payable	$ 180.3	$ 170.9
Notes payable and current maturities of long-term debt	54.7	56.4
Accrued compensation	38.5	44.4
Dealer deposits	45.2	46.1
Deferred subscription revenue	29.3	42.5
Income taxes	41.9	29.8
Other accrued liabilities	179.6	162.3
Total current liabilities	569.5	552.4
Long-term debt	304.2	304.3
Deferred income taxes	32.8	33.6
Retiree health care benefits	94.3	94.0
Pension liability	122.0	136.6
Other long-term liabilities	43.2	42.8
Total liabilities	1,166.0	1,163.7
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 66,913,305 and 66,897,506 shares	66.9	66.9
Additional paid-in capital	59.3	72.9
Retained earnings	1,071.3	1,064.2
Accumulated other comprehensive income (loss)	(101.4)	(123.8)
Grantor stock trust at fair market value - 5,280,635 and 5,321,977 shares	(132.6)	(147.5)
Treasury stock at cost - 3,476,462 and 3,326,462 shares	(106.0)	(102.3)
Total shareholders' equity	857.5	830.4
Total liabilities and shareholders' equity	$2,023.5	$1,994.1

See Notes to Consolidated Financial Statements.

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

	Three Months Ended	
	March 29, 2003	March 30, 2002
OPERATING ACTIVITIES		
Net earnings	$ 21.4	$ 24.5

Adjustments to reconcile net earnings to net cash provided (used) by operating activities:		
Cumulative effect of a change in accounting principle (net of tax) for goodwill	-	(2.8)
Depreciation	14.2	13.3
Amortization of intangibles	.5	.6
Deferred income tax provision	(2.9)	20.4
Gain on sale of assets	-	(.3)
(Gain) loss on mark to market for cash flow hedges	(.8)	2.1
Changes in operating assets and liabilities, net of effects of acquisitions:		
(Increase) decrease in receivables	4.8	(15.7)
(Increase) decrease in inventories	8.5	(15.1)
(Increase) decrease in prepaid and other assets	(21.9)	(9.5)
Increase (decrease) in accounts payable	7.4	38.5
Increase (decrease) in accruals and other liabilities	(12.6)	(50.6)
Net cash provided by operating activities	18.6	5.4
INVESTING ACTIVITIES		
Capital expenditures	(6.2)	(13.9)
Acquisitions of businesses - net of cash acquired	.1	(.8)
Proceeds from disposal of property and equipment	.5	4.0
Net cash used in investing activities	(5.6)	(10.7)
FINANCING ACTIVITIES		
Payment of long-term debt	-	(2.1)
Increase in long-term debt	-	.9
Net increase (decrease) in short-term borrowings	(.4)	15.0
Purchase of treasury stock	(3.8)	(3.2)
Proceeds from stock purchase and option plans	1.4	7.4
Cash dividends paid	(14.3)	(13.9)
Net cash provided by (used in) financing activities	(17.1)	4.1
Effect of exchange rate changes on cash	1.1	(.1)
Decrease in cash and cash equivalents	(3.0)	(1.3)
Cash and cash equivalents at beginning of period	18.4	6.7
Cash and cash equivalents at end of period	$ 15.4	$ 5.4
Supplemental cash flow disclosures:		
Cash paid for interest	$ 7.6	$ 9.3
Cash paid (refunded) for income taxes	$ .7	$ (4.6)

See Notes to Consolidated Financial Statements.

SNAP-ON INCORPORATED
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. This report should be read in conjunction with the consolidated financial statements and related notes included in Snap-on Incorporated's ("Snap-on" or "the company") Annual Report on Form 10-K for the year ended December 28, 2002.

   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 three months ended March 29, 2003, have been made. Management also believes that the results of operations for the three months ended March 29, 2003, are not necessarily indicative of the results to be expected for the full year. Certain prior-year amounts have been reclassified to conform to the current-year presentation.

2. The Financial Accounting Standards Board ("FASB") issued interpretation ("FIN") No. 46, "Consolidation of Variable Interest Entities" (an interpretation of Accounting Research Bulletin No. 51, "Consolidated

Financial Statements") in January 2003, which becomes effective for Snap-on at the beginning of its 2003 third quarter. FIN No. 46 provides consolidation guidance regarding the identification of variable interest entities ("VIE") for which control is achieved through means other than through voting rights. FIN No. 46 provides guidance in determining if a business enterprise is the primary beneficiary of a VIE and whether or not that business enterprise should consolidate the VIE for financial reporting purposes. FIN No. 46 applies to a VIE in which equity investors of the VIE, if any, do not have the characteristics of a controlling interest or do not have sufficient equity at risk for the VIE to finance its activities independently. FIN No. 46 requires each enterprise involved with a special purpose entity to determine whether it provides financial support to the special purpose entity through a variable interest. Variable interests may arise from financial instruments, service contracts, minority ownership interests or other arrangements. If an entity holds a majority of the variable interests, or a significant variable interest that is considerably more than any other party's variable interest, then that entity would be the primary beneficiary and would be required to include the assets, liabilities and results of operations of the special purpose entity in its consolidated financial statements.

Snap-on has not completed its evaluation of FIN No. 46 and, as a result, has not concluded on the impact the adoption may have on the company's financial position or results of operations. If it is determined that Snap-on Credit LLC ("SOC"), a 50%-owned financial services joint venture that is accounted for using the equity method, qualifies as a VIE, then Snap-on may be required to include the assets and liabilities (or some portion thereof) of SOC in its consolidated financial statements beginning in the third quarter of 2003. As of March 31, 2003, and December 31, 2002, SOC had total assets of $42.4 million and $45.3 million. For additional information, refer to Note 6.

In November 2002, the FASB issued FIN No. 45, "Guarantor's Accounting and Disclosure Requirements for Guarantees, Including Indirect Guarantees of Indebtedness of Others." FIN No. 45 requires a guarantor to recognize a liability for the fair value of the obligation that it has undertaken in issuing a guarantee at the inception of a guarantee. FIN No. 45 also addresses the disclosure requirements that a guarantor must include in its financial statements for guarantees issued. Snap-on adopted the disclosure provisions of FIN No. 45 as of its 2002 fiscal year end. The recognition and

measurement provisions of this interpretation are applicable to guarantees issued or modified after December 28, 2002. Refer to Notes 6 and 12 for additional information.

3. Accounts receivable include trade accounts receivable, installment receivables and dealer financing. Current gross installment receivables amounted to $52.7 million and $49.5 million at March 29, 2003, and December 28, 2002, and include $8.7 million and $8.1 million of unearned finance charges. The components of Snap-on's current accounts receivable were as follows:

(Amounts in millions)	March 29, 2003	December 28, 2002
Trade accounts receivable	$523.2	$497.0
Installment receivables	44.0	41.4
Other accounts receivable	38.5	59.0
Total	605.7	597.4
Allowance for doubtful accounts	(44.7)	(41.2)
Total accounts receivable - net	$561.0	$556.2

The long-term portion of accounts receivable is classified in "Other assets" on the accompanying Consolidated Balance Sheets and is comprised of installment and dealer financing receivables with credit terms that are due beyond one year. Long-term gross installment receivables amounted to $47.1 million and $45.2 million at March 29, 2003, and December 28, 2002, and include $8.5 million and $7.9 million of unearned finance charges.

4. On December 30, 2001, the beginning of Snap-on's 2002 fiscal year, Snap-on adopted Statement of Financial Accounting Standards ("SFAS") No. 142, "Goodwill and Other Intangible Assets." This Statement applies to all goodwill and other intangible assets recognized by the corporation as of December 30, 2001. In accordance with SFAS No. 142, Snap-on recorded a cumulative effect of a change in accounting principle transition adjustment that increased net earnings in the first quarter of 2002 by $2.8 million, on both a pretax and after-tax basis, from the recognition of negative goodwill.

Additional disclosures related to acquired intangible assets are as follows:

(Amounts in millions)	March 29, 2003 Gross Carrying Value	March 29, 2003 Accumulated Amortization	December 28, 2002 Gross Carrying Value	December 28, 2002 Accumulated Amortization
Amortized intangible assets:				
Trademarks	$ 4.3	$ (.3)	$ 3.9	$ (.3)
Patents	29.7	(9.4)	29.4	(8.3)
Total	34.0	(9.7)	33.3	(8.6)
Unamortized intangible assets:				
Trademarks	41.8	-	41.0	-
Total intangible assets	$ 75.8	$ (9.7)	$ 74.3	$ (8.6)

The weighted-average amortization period is 35 years for trademarks and 16 years for patents. The weighted-average amortization period for trademarks and patents on a combined basis is 19 years.

Amortization expense for the three months ended March 29, 2003, and March 30, 2002, was $.5 million and $.6 million. Total estimated annual amortization expense expected for each of the next five fiscal years, based on current levels of other intangible assets, is $1.6 million.

Goodwill was $375.7 million and $366.4 million at March 29, 2003, and December 28, 2002, reflecting currency translation impacts.

5. In June 2002, the FASB issued SFAS No. 146, "Accounting for Costs Associated with Exit or Disposal Activities." SFAS No. 146 addresses significant issues regarding the recognition, measurement and reporting of costs that are associated with exit and disposal activities, including restructuring activities that are accounted for pursuant to the guidance that the Emerging Issues Task Force ("EITF") set forth in EITF Issue No. 94-3, "Liability Recognition for Certain Employee Termination Benefits and Other Costs to Exit an Activity (including Certain Costs Incurred in a Restructuring)." SFAS No. 146 nullifies EITF Issue No. 94-3 and requires that a liability for a cost associated with an exit or disposal activity be recognized when the liability is incurred, rather than at the date of the entity's commitment to an exit plan. This statement is effective for exit and disposal activities that are initiated after December 28, 2002. Snap-on adopted SFAS No. 146 at the beginning of its 2003 fiscal year.

Snap-on recorded restructuring charges of $2.5 million in the first quarter of 2003, including $2.4 million for severance costs to effect consolidation initiatives and management realignment actions and $.1 million for facility consolidation or closure costs. These restructuring charges are included in "Cost of goods sold" ($1.8 million) and "Operating expenses" ($.7 million) on the accompanying Consolidated Statements of Earnings. The restructuring reserve usage of $2.8 million for the first quarter ended March 29, 2003, was for severance payments related to the separation of 183 employees. During the first quarter of 2003, Snap-on completed its restructuring actions initiated in the fourth quarter of 2002 and Snap-on anticipates that the remaining cash severance payments related to the fourth-quarter 2002 actions will be made in the second quarter of 2003.

The composition of Snap-on's restructuring charge activity for the first quarter ended March 29, 2003, was as follows:

(Amounts in millions)	Balance at December 28, 2002	Additions	Usage	Balance at March 29, 2003
Severance costs	$ 2.9	$ 2.4	$(2.8)	$ 2.5
Facility consolidation or closure costs	-	.1	-	.1
Total	$ 2.9	$ 2.5	$(2.8)	$ 2.6

Snap-on has funded and expects to continue to fund the remaining cash requirements of its restructuring activities with cash flows from operations and borrowings under its existing credit facilities. The specific restructuring measures and estimated costs were based on management's best business judgment under prevailing circumstances. If future events warrant changes to the reserve, such adjustments will be reflected as either "Cost of goods sold" or "Operating expenses," as appropriate, in the applicable Consolidated Statements of Earnings.

6. SOC is an unconsolidated 50%-owned joint venture between Snap-on and The CIT Group, Inc. ("CIT"). SOC was formed as a limited liability company with member contributions totaling $2.0 million, and commenced operations on January 3, 1999. As of March 29, 2003, Snap-on's equity investment in SOC totaled approximately $3.9 million. SOC provides a broad range of financial services to Snap-on's U.S. dealer and customer network and to Snap-on's industrial and other customers. Snap-on also provides financing internationally through its wholly owned credit subsidiaries, the results of which are included in Snap-on's Consolidated Financial Statements.

   Snap-on receives royalty and management fee income from SOC based on the volume of financings originated by SOC. Snap-on also shares with CIT ratably in any residual net profit or loss of the joint venture after operating expenses, including royalty and management fees, interest costs and credit loss provisions.

   SOC sells substantially all of its originated contracts (through asset-securitization transactions) on a limited recourse basis to CIT, net of certain fees. SOC continues to service these contracts for an estimated market rate-servicing fee.

   SOC establishes a reserve for all contract receivables sold to CIT, and SOC's credit losses on the sold contract receivables are limited to the extent of the reserve. SOC also establishes a prepayment reserve to cover amounts due to CIT as a result of early prepayments by customers on loans sold to CIT. Loan losses on the contract receivables retained by SOC were not material in any year.

   Snap-on has credit risk exposure for certain loans that SOC originates with recourse provisions against Snap-on. At March 29, 2003, and December 28, 2002, $29.4 million and $32.1 million of loans, with terms ranging from six months to ten years, originated by SOC have a primary recourse provision to Snap-on if the loans become more than 90 days past due. During the first quarter of 2003, $.4 million of such loans were purchased by Snap-on.

The recognition and measurement provisions of FIN No. 45 became effective for guarantees issued or modified by Snap-on after December 28, 2002. During the first quarter of 2003, $4.9 million of loans with recourse provision to Snap-on were originated by SOC. The maximum potential amount of future payments that Snap-on could be required to make under the guarantee provisions for these loans as of March 29, 2003, is $4.9 million. The asset value of the collateral underlying the recourse loans issued in 2003 that would serve to mitigate Snap-on's loss in the event of default was approximately $3.0 million as of March 29, 2003. Snap-on has established a reserve for the estimated fair market value of the guarantee of loans originated with recourse in the first quarter of 2003.

SOC maintains a $25 million bank line of credit for working capital purposes, of which Snap-on is a 60% guarantor and CIT is a 40% guarantor. Borrowings under this facility totaled $7.0 million and $11.0 million at March 29, 2003 and December 28, 2002. SOC's bank line of credit has an expiration date of May 31, 2003. To date, there have been no draws upon this guarantee.

The maximum exposure to Snap-on as of March 29, 2003, and December 28, 2002, related to SOC was the $3.9 million and $2.7 million equity investment plus the guarantee on SOC's line of credit and the recourse obligations on customer financings discussed above.

Summarized financial information of SOC as of March 31, 2003, and December 31, 2002, and for the quarters ended March 31, 2003, and March 31, 2002, is as follows:

	March 31, 2003	December 31, 2002
(Amounts in millions)		
Cash and cash equivalents	$ 3.7	$ 5.4
Receivables, net of allowances	12.3	13.4
Servicing receivable	7.7	7.6
Due from members	11.0	10.9
Other assets	7.7	8.0
	$42.4	$45.3
Payable to members	$11.2	$12.4
Reserves for contract receivables sold	8.9	8.3
Other accrued liabilities	8.0	8.6
Short-term borrowings	7.0	11.0
Members' equity	7.3	5.0
	$42.4	$45.3

	Three Months Ended March 31,	
(Amounts in millions)		
Revenues:	2003	2002
Gain on sale of contract receivables sold	$15.9	$13.3

Servicing fee income	2.4	2.3
Other income	.1	.1
Total revenues	18.4	15.7
Expenses:		
Royalty fees	5.9	5.4
Salaries and benefits	4.1	3.8
Management fees	2.9	2.7
Other	3.1	3.1
Total expenses	16.0	15.0
Net income	$ 2.4	$ .7

7. Notes payable and long-term debt of Snap-on at March 29, 2003, totaled $358.9 million, down $1.8 million from the $360.7 million reported at year-end 2002. Notes payable to banks under bank lines of credit totaled $21.1 million and $22.3 million at March 29, 2003 and December 28, 2002. At March 29, 2003 and December 28, 2002, Snap-on had commercial paper outstanding denominated in U.S. dollars of $25.0 million and Japanese yen with a U.S. dollar value of $7.9 million.

   At March 29, 2003, Snap-on had $408 million of multi-currency revolving credit facilities that serve to provide back-up liquidity for its commercial paper programs. These facilities include a $200 million, 364-day revolving credit facility with a one-year term-out option that terminates on August 8, 2003. The term-out option allows Snap-on to elect to borrow under the credit facility for an additional year after the termination date. These facilities also include a five-year, $208 million revolving credit facility that terminates on August 20, 2005. At the end of March 2003 and year-end 2002, Snap-on was in compliance with all covenants of the revolving credit facilities and there were no borrowings under either revolving credit facility. In addition, at March 29, 2003, Snap-on had an unused committed $20 million bank line of credit that expires on August 1, 2003.

8. Snap-on accounts for its hedging activities under SFAS No. 133, "Accounting for Derivative Instruments and Hedging Activities," as amended by SFAS No. 138. These standards require that all derivative instruments be reported in the consolidated financial statements at fair value. Changes in the fair value of derivatives are to be recorded each period in earnings or "Accumulated other comprehensive income (loss)," depending on the type of hedged transaction and whether the derivative is designated and effective as part of a hedged transaction. Gains or losses on derivative instruments reported in "Accumulated other comprehensive income (loss)" must be reclassified as

earnings in the period in which earnings are affected by the underlying hedged item, and the ineffective portion of all hedges must be recognized in earnings in the current period.

Snap-on uses derivative instruments to manage well-defined interest rate and foreign currency exposures. Snap-on does not use derivative instruments for speculative or 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. On the date a derivative contract is entered into, Snap-on designates the derivative as a fair value hedge, a cash flow hedge, a hedge of a net investment in a foreign operation, or a natural hedging instrument whose change in fair value is recognized as an economic hedge against changes in the values of the hedged item.

Foreign Currency Derivative Instruments: Snap-on has operations in a number of countries that have transactions outside their functional currencies and, as a result, is exposed to changes in foreign currency exchange rates.

In addition, Snap-on hedges the anticipated repayment of intercompany loans to foreign subsidiaries denominated in foreign currencies. Snap-on manages most of these exposures on a consolidated basis, which allows for netting of certain exposures to take advantage of natural offsets. Forward exchange contracts are used to hedge the net exposures. Gains or losses on net foreign currency hedges are intended to offset losses or gains on the underlying net exposures in an effort to reduce the earnings volatility resulting from fluctuating foreign currency exchange rates.

At March 29, 2003, Snap-on had net outstanding foreign exchange forward contracts totaling $135.0 million comprised of buy contracts of $71.3 million in Swedish kronor and sell contracts of $94.5 million in euros, $56.5 million in British pounds, $26.2 million in Canadian dollars, $11.2 million in Singapore dollars, $4.9 million in Australian dollars, $3.6 million in Danish kronor, $3.4 million in Japanese yen, $3.3 million in Norwegian kronor, $2.8 million in Mexican pesos and $.1 million net buy contracts in other currencies. At December 28, 2002, Snap-on had net outstanding foreign exchange forward contracts totaling $161.9 million comprised of buy contracts of $52.5 million in Swedish kronor and sell contracts of $103.8 million in euros, $59.1 million in British pounds, $31.2 million in Canadian dollars, $7.5 million in Singapore dollars, $3.0 million in Danish kronor, $2.5 million in Australian dollars, $3.7 million in Mexican pesos and $3.6 million in other currencies.

Snap-on classifies the majority of its forward exchange contracts as natural hedges and therefore these contracts are excluded from the assessment of effectiveness. The fair value changes of these contracts are reported in earnings as foreign exchange gain or loss, which is included in "Other income (expense) - net" on the accompanying Consolidated Statements of Earnings. Those forward exchange contracts that qualify for hedge accounting treatment are accounted for as cash flow hedges where the effective portion of the changes in fair value of the derivative is recorded in "Accumulated other comprehensive income (loss)." When the hedged item is realized in income, the gain or loss included in "Accumulated other comprehensive income (loss)" is reclassified to income in the same financial statement caption as the hedged item. The ineffective portion of changes in fair value of the cash flow hedges are reported in earnings as foreign exchange gain or loss, which is included in

"Other income (expense) - net," and were not material for the three months ended March 29, 2003, and March 30, 2002.

Non-Derivative Instruments Designated in Hedging Relationships: Snap-on uses non-U.S. dollar financing transactions as net investment hedges of long-term investments in the corresponding foreign currency. Hedges that meet the effectiveness requirements are accounted for under net investment hedging rules. The effective portion of the net investment hedge of a foreign operation is recorded in "Accumulated other comprehensive income (loss)" as a cumulative translation adjustment. When applicable, the ineffective portion of the net investment hedge is recorded in earnings as foreign exchange gain or loss, which is included in "Other income (expense) - net". These ineffective portions were not material for the three months ended March 29, 2003, and March 30, 2002. At March 29, 2003, net losses of $.1 million arising from effective hedges of net investments have been reflected in the cumulative translation adjustment account as a component of "Accumulated other comprehensive income (loss)."

Interest Rate Swap Agreements: Snap-on enters into interest rate swap agreements to manage interest costs and risks associated with changing interest rates. Interest rate swap agreements are accounted for as either cash flow hedges or fair value hedges. The differentials paid or received on interest rate swap agreements are accrued and recognized as adjustments to interest expense. For fair value hedges the effective portion of the change in fair value of the derivative is recorded in "Long-term debt," while any ineffective portion is recorded as an adjustment to interest expense. For cash flow hedges the effective portion of the change in fair value of the derivative is recorded in "Accumulated other comprehensive income (loss)," while any ineffective portion is recorded as an adjustment to interest expense. The notional amount of interest rate swaps was $50.0

million at March 29, 2003 and December 28, 2002, and included $25.0 million of fair value hedges and $25.0 million of cash flow hedges.

For all cash flow hedges qualifying for hedge accounting under SFAS No. 133, the net accumulated derivative loss at March 29, 2003, was $4.1 million, after tax, and is reflected in "Accumulated other comprehensive income (loss)." Changes in the fair value of derivative financial instruments qualifying for hedge accounting under SFAS No. 133, are reflected as derivative assets or liabilities with the corresponding gains or losses reflected in earnings in the period of change. An offsetting gain or loss is also reflected in earnings based upon the changes of the fair value of the debt instrument being hedged. For all fair value hedges qualifying for hedge accounting under SFAS No. 133, the net accumulated derivative gain at March 29, 2003, was $3.4 million. At March 29, 2003, the maximum maturity date of any cash flow hedge and fair value hedge was approximately 2 years and 8 years, respectively. During the next 12 months, Snap-on expects to reclassify into earnings net losses from "Accumulated other comprehensive income (loss)" of approximately $1.6 million after tax at the time the underlying hedged transactions are realized.

During the first quarter ended March 29, 2003, cash flow hedge and fair value hedge ineffectiveness was not material.

9. Snap-on has stock option plans for directors, officers and key employees, with expiration dates on the options ranging from 2003 to 2013 and vesting periods ranging from immediate to three years. The plans provide that options be granted at exercise prices equal to market value on the date the option is granted.

Snap-on accounts for its stock-based employee compensation plans under the recognition and measurement principles of Accounting Principles Board ("APB") Opinion No. 25, "Accounting for Stock Issued to Employees." In accordance with the provisions of APB Opinion No. 25, no compensation expense was recorded for stock options as all options granted had an exercise price equal to the market value of the underlying common stock on the measurement date. For restricted stock and stock appreciation rights awards, Snap-on recorded compensation expense in the respective periods as appropriate.

Snap-on adopted the disclosure provisions of SFAS No. 148, "Accounting for Stock-Based Compensation - Transition and Disclosure, an amendment of FASB Statement No. 123," as of December 28, 2002. The following table illustrates the effect on net earnings and earnings per share as if Snap-on had applied the fair value recognition provisions of SFAS No. 123, "Accounting for Stock-Based Compensation," to stock-based employee compensation using the Black-Scholes option-pricing model.

	Three Months Ended	
(Amounts in millions except per share data)	March 29, 2003	March 30, 2002
Net earnings, as reported	$21.4	$24.5
Add: Stock-based employee compensation expense included in reported net income, net of related tax effects	.6	.5
Deduct: Total stock-based employee compensation expense determined under fair value based method for all awards, net of related tax effects	(1.8)	(1.9)
Pro forma net earnings	$20.2	$23.1
Net earnings per share - basic:		
As reported	$ .37	$ .42
Pro forma	.35	.40

Net earnings per share - diluted:		
As reported	.37	.42
Pro forma	.35	.39

The assumptions used to calculate the fair value of options granted are evaluated and revised, as necessary, to reflect market conditions and experience.

10. Basic earnings per share calculations were computed by dividing net earnings by the corresponding weighted-average number of common shares outstanding for the period. The dilutive effect of the potential exercise of outstanding options to purchase common shares is calculated using the treasury stock method. Snap-on had dilutive shares as of March 29, 2003, and March 30, 2002, of 58,742 shares and 687,534 shares, respectively. Options to purchase 5,851,169 shares and 1,615,774 shares of Snap-on common stock at March 29, 2003, and March 30, 2002, were not included in the computation of diluted earnings per share as the exercise prices of the options was greater than the average market price of the common stock for the respective period and the effect on earnings per share would be anti-dilutive.

11. Total comprehensive income for the three-months ended March 29, 2003, and March 30, 2002, was as follows:

(Amounts in millions)	Three Months Ended March 29, 2003	Three Months Ended March 30, 2002
Net earnings	$ 21.4	$ 24.5
Foreign currency translation	23.1	(7.1)
Change in fair value of derivative instruments, net of tax	(.7)	2.1
Total comprehensive income	$ 43.8	$ 19.5

12. Snap-on has various corporate and government customers worldwide that purchase Snap-on products pursuant to multi-year contracts. These contracts can include a variety of terms and are periodically subject to audit by the customers for compliance. Snap-on currently has two contracts being audited by government auditors. Snap-on is also involved in various other legal matters that are being defended and handled in the ordinary course of business. Snap-on maintains accruals for such costs that it expects to incur with regard to these matters. Although it is not possible to predict the outcome of these matters, management believes that the results will not have a material impact on Snap-on's financial statements.

Snap-on provides product warranties for specific product lines and accrues for estimated future warranty cost in the period in which the sale is recorded. Snap-on calculates its reserve requirements based on historic warranty loss experience that is periodically adjusted for recent actual experience. The following is an analysis of Snap-on's product warranty reserve for the first three months of 2003 and 2002:

(Amounts in millions)	March 29, 2003	March 30, 2002
Warranty reserve:		
Beginning of year	$ 11.6	$ 8.2
Additions	2.8	3.5
Usage	(2.9)	(3.1)

End of period	$ 11.5	$ 8.6

13. Snap-on's business segments are based on the organization structure used by management for making operating and investment decisions and for assessing performance. Snap-on's reportable business segments include the following: (i) the Snap-on Dealer Group; (ii) the Commercial and Industrial Group; and (iii) the Diagnostics and Information Group. The Snap-on Dealer Group consists of Snap-on's business operations serving the worldwide franchised dealer van channel. The Commercial and Industrial Group consists of the business operations providing tools and equipment products to a broad range of industrial and commercial customers worldwide through direct, distributor and other non-franchised distribution channels. The Diagnostics and Information Group consists of the business operations providing diagnostics equipment, vehicle-service information, business management systems, equipment repair services and other solutions for vehicle service to customers in the worldwide vehicle service and repair marketplace.

Snap-on evaluates the performance of its operating segments based on segment net sales and operating earnings. Segment net sales are defined as total net sales, including both net sales to external customers and intersegment sales. Segment operating earnings are defined as net sales less cost of goods sold and operating expenses, including applicable restructuring and other non-recurring charges. Snap-on began allocating restructuring and other non-recurring charges to its reportable segments in fiscal 2003. Prior to fiscal 2003, Snap-on did not allocate such charges to the reportable segments. As a result, all prior-year segment information presented herein has been restated to conform to the 2003 presentation. Snap-on accounts for intersegment sales and transfers based primarily on standard costs with reasonable mark-ups established between the segments. Snap-on allocates shared services expenses to those segments that utilize the services based on a percentage of either cost of goods sold or segment net sales, as appropriate.

Neither Snap-on nor any of its segments depends on any single customer, small group of customers or government for more than 10% of its sales.

Financial data by segment was as follows:

(Amounts in millions)	Three Months Ended March 29, 2003	Three Months Ended March 30, 2002
Net sales to external customers:		
Snap-on Dealer Group	$ 259.2	$ 256.5
Commercial and Industrial Group	243.4	214.9
Diagnostics and Information Group	40.5	38.6
Total net sales to external customers	$ 543.1	$ 510.0
Intersegment sales:		
Snap-on Dealer Group	$ 5.7	$ 3.8
Commercial and Industrial Group	29.3	29.9
Diagnostics and Information Group	35.9	42.7
Total intersegment sales	$ 70.9	$ 76.4
Total net sales:		
Snap-on Dealer Group	$ 264.9	$ 260.3
Commercial and Industrial Group	272.7	244.8
Diagnostics and Information Group	76.4	81.3
Segment net sales	614.0	586.4
Intersegment eliminations	(70.9)	(76.4)

Total consolidated net sales	$ 543.1	$ 510.0
Operating earnings:		
Snap-on Dealer Group	$ 23.6	$ 26.4
Commercial and Industrial Group	6.1	6.6
Diagnostics and Information Group	2.8	1.4
Segment operating earnings	32.5	34.4
Net finance income	10.5	7.3
Operating earnings	43.0	41.7
Interest expense	(6.4)	(7.8)
Other income (expense) - net	(3.7)	(.1)
Earnings before income taxes	$ 32.9	$ 33.8

	As of	
(Amounts in millions)	March 29, 2003	December 28, 2002
Assets:		
Snap-on Dealer Group	$ 738.6	$ 759.7
Commercial and Industrial Group	1,043.1	1,010.7
Diagnostics and Information Group	205.2	198.5
Total from reportable segments	1,986.9	1,968.9
Financial Services	104.4	82.5
Elimination of intersegment receivables	(67.8)	(57.3)
Total assets	$2,023.5	$1,994.1

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

RESULTS OF OPERATIONS

Consolidated

Net sales were $543.1 million in the first quarter of 2003, up $33.1 million, or 6.5%, from the $510.0 million in the prior-year period. Of the year-over-year increase, $28.6 million, or 5.6%, was from the favorable impact of currency translation. Absent currency translation impacts, sales increased $4.5 million, or 0.9%, year over year. Sales increases in the worldwide dealer, equipment and facilitation businesses, as well as contributions from favorable net pricing, new product introductions and acquisitions, were largely offset by declines in the sales of industrial tools worldwide and big-ticket diagnostics equipment.

Net earnings were $21.4 million, or $.37 per diluted share, for the first quarter of 2003, as compared with net earnings of $24.5 million, or $.42 per diluted share, for the first quarter of 2003. Net earnings in the first quarter of 2002 included a net gain of $2.8 million, or $.05 per diluted share, for the cumulative effect of an accounting change associated with Snap-on's adoption of Statement of Financial Accounting Standards ("SFAS") No. 142, "Goodwill and Other Intangible Assets." Snap-on adopted SFAS No. 142 on December 30, 2001, which was the beginning of Snap-on's 2002 fiscal year. Net earnings, before the cumulative effect of the change in accounting principle in 2002, were $21.7 million, or $.37 per diluted share.

Operating results for the first quarter of 2003 included expenses of $2.5 million for continuous improvement initiatives, including severance and other costs associated with consolidation and realignment actions at certain manufacturing and other facilities. Snap-on also incurred higher year-over-year pension, other retirement and insurance costs of approximately $5.0 million in the first quarter of 2003. Partially offsetting these expense increases was $3.2 million in higher year-over-year net finance income, primarily as a result of higher credit originations and continued favorable interest rates. Earnings in the first quarter of 2002 included restructuring-related charges of $3.0 million related to the 2002 resignation of Snap-on's former chief financial officer and $.4 million for employee and equipment relocation costs to finalize the company's fiscal 2001 restructuring initiatives. These costs did not qualify for restructuring accrual treatment and were expensed as incurred, and are included in "Operating expenses" on the accompanying Consolidated Statements of Earnings. In the first quarter of 2002, Snap-on also incurred a $2.6 million write-down of a receivable related to the closure of auto service centers associated with a major retailer's bankruptcy.

Gross profit for the first quarter of 2003 was $245.4 million, up $9.7 million, or 4.1%, from $235.7 million in the prior-year period. Gross profit in the first quarter of 2003 benefited from favorable net currency impacts of $9.7 million and savings from Snap-on's restructuring and Operational Fitness activities of $4.2 million. These benefits were partially offset by higher costs for continuous improvement initiatives of $1.8 million and higher pension, other retirement and insurance costs of $.8 million. In addition, benefits from the success of new product introductions and favorable net pricing were offset by the impacts of unfavorable sales mix, lower production volumes associated with improving

inventory turns in a slow sales environment and general cost increases. As a percentage of sales, gross profit margin was 45.2% in the first quarter of 2003, versus 46.2% in the first quarter of 2002.

Operating expenses for the first quarter of 2003 were $212.9 million, or 39.2% of sales, as compared to $201.3 million, or 39.5% of sales, in the prior-year period. The $11.6 million increase in year-over-year operating expenses primarily includes unfavorable currency translation impacts of $8.8 million, higher pension, other retirement and insurance costs of $4.2 million, general and acquisition-related cost increases of $4.6 million, higher allowances for bad debts of $2.7 million, increased costs of $1.6 million for the "More Feet on the Street" dealer expansion and enhancement initiative, costs for continuous improvement initiatives of $.7 million, and higher new product development spending of $.5 million. These year-over-year increases were partially offset by savings of $4.8 million from Snap-on's restructuring and Operational Fitness activities. The year-over-year operating expense comparison benefited from the absence of $6.0 million in costs incurred in the first quarter of 2002 that included $3.0 million related to the 2002 resignation of Snap-on's former chief financial officer, $2.6 million for the write-down of a receivable related to the closure of auto service centers associated with a major retailer's bankruptcy, and $.4 million for employee and equipment relocation transition costs to finalize the company's fiscal 2001 restructuring actions.

Segment Results

Snap-on's business segments are based on the organization structure used by management for making operating and investment decisions and for assessing performance. Snap-on's business segments include: (i) the Snap-on Dealer Group, (ii) the Commercial and Industrial Group, and (iii) the Diagnostics and Information Group. The Snap-on Dealer Group consists of Snap-on's business operations serving the worldwide franchised dealer van channel. The Commercial and Industrial Group consists of the business operations providing tools and equipment products to a broad range of industrial and commercial customers worldwide through direct, distributor and other non-franchised distribution channels. The Diagnostics and Information Group consists of the business operations providing diagnostics equipment, vehicle service information, business management systems, equipment repair services and other solutions for customers in the worldwide vehicle service and repair marketplace.

Snap-on evaluates the performance of its operating segments based on segment net sales and operating earnings. Segment net sales are defined as total net sales, including both net sales to external customers and intersegment sales. Segment earnings are defined as segment net sales less cost of goods sold and operating expenses, including restructuring and other non-recurring charges as applicable. Snap-on began allocating restructuring and other non-recurring charges to its reportable segments in fiscal 2003. Prior to fiscal 2003, Snap-on did not allocate such charges to the reportable segments. As a result, all prior-year segment information presented herein has been restated to conform to the 2003 presentation. Snap-on accounts for intersegment sales and transfers based primarily on standard costs with reasonable mark-ups established between the segments. Snap-on allocates shared services expenses to those segments that utilize the services based on a percentage of either cost of goods sold or segment net sales, as appropriate.

The following discussion focuses on Snap-on's net sales and operating earnings by reportable segment.

	Three Months Ended	
(Amounts in millions)	March 29, 2003	March 30, 2002
Total net sales:		
Snap-on Dealer Group	$264.9	$260.3
Commercial and Industrial Group	272.7	244.8
Diagnostics and Information Group	76.4	81.3
Segment net sales	614.0	586.4
Intersegment eliminations	(70.9)	(76.4)
Total consolidated net sales	$543.1	$510.0
Operating earnings:		
Snap-on Dealer Group	$ 23.6	$ 26.4
Commercial and Industrial Group	6.1	6.6
Diagnostics and Information Group	2.8	1.4
Segment operating earnings	32.5	34.4
Net finance income	10.5	7.3
Operating earnings	43.0	41.7
Interest expense	(6.4)	(7.8)
Other income (expense) - net	(3.7)	(.1)
Earnings before income taxes	$ 32.9	$ 33.8

Snap-on Dealer Group

In the worldwide Snap-on Dealer Group, segment net sales for the first quarter of 2003 were $264.9 million, up $4.6 million, or 1.8%, from $260.3 million in the comparable prior-year period. Excluding currency translation impacts, segment net sales increased $3.3 million, or 1.3%, year over year in the first quarter, reflecting sales gains by dealers to end-user customers, including increases in sales of tools, tool storage and handheld diagnostics, as well as the negative impact on sales from improving inventory turns within the dealer network. The resulting leaner inventory position of dealers reflects Snap-on's continued focus on the More Feet on the Street dealer expansion and enhancement initiative. Snap-on successfully achieved its 10% goal for expanding the number of U.S. dealers by the end of 2002, and Snap-on expects the U.S. dealer network to continue to grow at a rate of 2% - 4% annually. The More Feet on the Street initiative provides new opportunities for increased service and marketplace coverage through net additions of dealers and provides a means of enhancement for successful existing Snap-on dealers through second vans and second franchises. In the international markets, sales growth was achieved in the U.K., Australia and Canada.

In 2002, Snap-on began focusing its dealers on the importance of better working capital management, including improving inventory turns and tightening of credit terms. Sales to end-user customers showed steady growth in 2002 and the first quarter of 2003, although sales of Snap-on product to dealers were lower as dealers actively worked to reduce their inventory levels. The improved working capital position of its dealers reflects Snap-on's continued focus on enhancing the business proposition for, and the strength of, its dealers under the More Feet on the Street initiative. End-market demand for tools and tool storage products remained strong as sell-through by the dealers was up slightly when compared with the first quarter of 2002, despite the negative effect of severe winter weather in certain parts of the United States that hindered dealers' sales activity when compared with the prior year.

Segment earnings for the Dealer Group for the first quarter of 2003 were $23.6 million, down from $26.4 million in the first quarter of 2002, as benefits from productivity savings and tighter control on discretionary spending of $1.2 million were more than offset by higher year-over-year costs incurred for continuous improvement initiatives of $.4 million, higher bad debt reserves of $1.6 million, and $1.7 million for continued investment in the More Feet on the Street program. The year-over-year increase in costs incurred related to the More Feet on the Street program includes higher dealer turnover costs to remove low-performing dealers, as well as higher costs for new dealer training, recruiting and other dealer expansion costs. In addition, benefits from the success of new product introductions and favorable net pricing in the first quarter of 2003 were offset by the impacts of lower production volumes associated with improving inventory turns in a slow sales environment, general cost increases and increased pension, other retirement and insurance costs. As a percentage of segment net sales, segment earnings were 8.9% in the first quarter of 2003, as compared to 10.1% in the comparable prior-year period.

Commercial and Industrial Group

In the Commercial and Industrial Group, segment net sales for the first quarter of 2003 increased to $272.7 million, up $27.9 million, or 11.4%, over the prior-year period of $244.8 million, primarily due to currency translation. Excluding currency translation benefits, year-over-year sales were up $1.7 million, or 0.7%, largely due to growth in the company's facilitation business for new vehicle dealerships and higher sales worldwide of equipment for the vehicle-service marketplace, reflecting the success of new products in the wheel balancer, tire changer and wheel alignment lines over the past three years. This growth was partially offset by sales declines in the industrial tools marketplace, principally in North America, reflecting the continued adverse impact of weak economic conditions in such sectors as aerospace and aviation, general manufacturing and capital goods.

Segment earnings for the Commercial and Industrial Group for the first quarter of 2003 were $6.1 million, down from the $6.6 million reported in the first quarter of 2002. Savings of $6.5 million from Snap-on's fiscal 2002 restructuring and Operational Fitness activities, along with lower year-over-year restructuring-related costs of $1.3 million, were offset by increases in pension, other retirement and insurance costs of $1.9 million, general cost increases of $1.6 million, increased bad debt reserves of $1.0 million, and lower manufacturing cost absorption of $.6 million. Unfavorable sales mix also adversely impacted year-over-year segment earnings by approximately $3.0 million, as the unfavorable earnings effect from lower sales of high-margin industrial tools was not offset by the sales increases in lower-margin operations. As a

percentage of segment net sales, segment earnings were 2.2% in the first quarter of 2003, as compared to 2.7% in the comparable prior-year period.

Diagnostics and Information Group

In the Diagnostics and Information Group, segment net sales for the first quarter of 2003 were $76.4 million, down $4.9 million, or 6.0%, as compared to $81.3 million in the first quarter of 2002. Excluding favorable currency impacts of $2.8 million, year-over-year segment net sales were down $7.7 million, or 9.3%. The year-over-year sales decline is principally attributable to a decline in intersegment sales. Increased sales of information and handheld diagnostics products were offset by lower sales of big-ticket diagnostics equipment, both in direct sales to national accounts and in intersegment sales of products sold through the Dealer Group's technical representatives ("tech rep") organization.

Segment earnings for the Diagnostics and Information Group for the first quarter of 2003 were $2.8 million, as compared to $1.4 million in the first quarter of last year. As a percentage of net segment sales, operating margin in the Diagnostics and Information Group improved from 1.7% in the first quarter of 2002 to 3.7% in the first quarter of 2003. The increase in both year-over-year segment earnings and operating margin reflects benefits of $1.3 million from productivity improvements and cost savings realized from restructuring and ongoing cost-reduction efforts, including the completion of the realignment of production capabilities in certain European equipment lines and contributions of $1.1 million from favorable net pricing and new product sales. In addition, segment earnings for the first quarter of 2003 reflect lower bad debt expense due to the absence of the $2.6 million write-down of a receivable in the first quarter of 2002 related to the closure of auto service centers associated with a major retailer's bankruptcy. These year-over-year increases in operating earnings were partially offset by the margin impact of the lower sales volumes and lower manufacturing cost absorption of $3.3 million, and higher costs for pension and other retirement costs of $.4 million.

Other

Net finance income was $10.5 million in the first quarter of 2003, up $3.2 million from $7.3 million in the prior-year period. Higher year-over-year credit originations of 7.5%, primarily related to the U.S. dealer business, as well as improved interest-rate spreads on originated loans, contributed to the increase.

Interest expense was $6.4 million in the first quarter of 2003, down $1.4 million from $7.8 million in the first quarter of 2002. The decline reflects the impact of both lower average interest rates and debt levels due to strong cash flow from operating activities.

Other income (expense)-net was an expense of $3.7 million for the first quarter of 2003, as compared to expense of $.1 million in the comparable prior-year period. This line item includes the impact of all non-operating items such as interest income, license fees, minority interests, hedging and exchange rate transaction gains and losses, and other miscellaneous non-operating items. Other expense increased $3.6 million in the first quarter of 2003 over the prior-year level largely reflecting $2.5 million of

foreign exchange losses and $.5 million for higher minority interest expense. Minority interest expense for the first quarter of 2003 was $.7 million, as compared to $.2 million for the first quarter of 2002.

Snap-on's effective income tax rate was 35.0% in the first quarter of 2003 and

36.0% in the first quarter of 2002.

Exit or Disposal Activities

In June 2002, the Financial Accounting Standards Board ("FASB") issued SFAS No. 146, "Accounting for Costs Associated with Exit or Disposal Activities." SFAS No. 146 addresses significant issues regarding the recognition, measurement and reporting of costs that are associated with exit and disposal activities, including restructuring activities that are accounted for pursuant to the guidance that the Emerging Issues Task Force ("EITF") set forth in EITF Issue No. 94-3, "Liability Recognition for Certain Employee Termination Benefits and Other Costs to Exit an Activity (including Certain Costs Incurred in a Restructuring)." SFAS No. 146 nullifies EITF Issue No. 94-3 and requires that a liability for a cost associated with an exit or disposal activity be recognized when the liability is incurred, rather than at the date of the entity's commitment to an exit plan. This statement is effective for exit and disposal activities that are initiated after December 28, 2002. Snap-on adopted SFAS No. 146 at the beginning of its 2003 fiscal year.

Snap-on recorded restructuring charges of $2.5 million in the first quarter of 2003, including $2.4 million for severance costs to effect consolidation initiatives and management realignment actions and $.1 million for facility consolidation or closure costs. These restructuring charges are included in "Cost of goods sold" ($1.8 million) and "Operating expenses" ($.7 million) on the accompanying Consolidated Statements of Earnings. The restructuring reserve usage of $2.8 million for the first quarter ended March 29, 2003, was for severance payments related to the separation of 183 employees. During the first quarter of 2003, Snap-on completed its restructuring actions initiated in the fourth quarter of 2002 and Snap-on anticipates that the remaining cash severance payments related to the fourth-quarter 2002 actions will be made in the second quarter of 2003.

The composition of Snap-on's restructuring charge activity for the first quarter ended March 29, 2003, was as follows:

(Amounts in millions)	Balance at December 28, 2002	Additions	Usage	Balance at March 29, 2003
Severance costs	$ 2.9	$ 2.4	$(2.8)	$ 2.5
Facility consolidation or closure costs	-	.1	-	.1
Total	$ 2.9	$ 2.5	$(2.8)	$ 2.6

Snap-on has funded and expects to continue to fund the remaining cash requirements of its restructuring activities with cash flows from operations and borrowings under its existing credit facilities. The specific restructuring measures and estimated costs were based on management's best business judgment under prevailing circumstances. If future events warrant changes to the reserve, such adjustments will be reflected as either "Cost of goods sold" or "Operating expenses," as appropriate, in the applicable Consolidated Statements of Earnings.

FINANCIAL CONDITION

Cash flow provided from operating activities was $18.6 million in the first quarter of 2003, including a $20.7 million benefit from a reduction in working investment (inventories plus accounts receivable less accounts payable). Cash flow from operating activities in the first quarter of 2003 included a pension plan contribution of $10 million. Snap-on currently expects that its remaining required minimum pension plan contribution for the balance of 2003 will be approximately $10 million. Snap-on also expects that its full-year 2003 pension expense will increase by approximately $17 million over 2002 levels. Cash flow from operating activities in 2002 was $5.4 million, including a $44.0 million payment ($27.9 million net of tax benefit) for the December 2001 resolution of an arbitration matter, partially offset by a reduction in working investment.

Total notes payable and long-term debt was $358.9 million at the end of the first quarter of 2003, as compared to $360.7 million at year-end 2002 and $488.2 million at the end of the first quarter of 2002. First-quarter 2003 total debt levels have decreased $129.3 million from the end of the first quarter of 2002, reflecting Snap-on's increased cash flow. Cash and cash equivalents were $15.4 million and $5.4 million at the end of the first quarters of 2003 and 2002, respectively.

The ratio of Snap-on's total net debt (defined as total debt less cash and cash equivalents) to total invested capital (defined as total net debt plus shareholders' equity) was 28.6% at the end of the first quarter of 2003, compared to 29.2% at year-end 2002 and 38.1% at the end of the first quarter of 2002. The improvement in this ratio reflects lower debt levels and increased shareholders' equity. This ratio may vary from time to time as the company issues commercial paper to fund seasonal working capital requirements and to the extent that the company uses debt to fund acquisitions. Snap-on expects that its total net debt to total capital ratio will target 30% - 35% in the long term, however, in the near term, this ratio is expected to remain below 30%. Total invested capital was $1,201.0 million, up $28.3 million from year-end 2002 and down $67.5 million from the end of the first quarter of 2002.

Borrowings under commercial paper programs totaled $32.9 million at both the end of the first quarter of 2003 and at year-end 2002. At March 29, 2003, Snap-on had $408 million of multi-currency revolving

credit facilities that provide back-up liquidity for its commercial paper programs. These facilities include a $200 million, 364-day revolving credit facility with a one-year term-out option that terminates on August 8, 2003. The term-out option allows Snap-on to elect to borrow under the credit facility for an additional year after the termination date. These facilities also include a five-year, $208 million revolving credit facility that terminates on August 20, 2005. As of March 29, 2003, and December 28, 2002, Snap-on was in compliance with all covenants of its revolving credit facilities and there were no borrowings under any revolving credit facility. The most restrictive financial covenant requires that Snap-on maintain a total debt to total capital (defined as total debt plus shareholders' equity) ratio that does not exceed 60%. The company's total debt to total capital ratio, computed as defined by the financial covenant, was 29.5% at March 29, 2003, and 30.3% at December 28, 2002. At March 29, 2003, Snap-on also had an unused committed $20 million bank line of credit that expires on August 1, 2003.

At March 29, 2003, Snap-on had cash and cash equivalents of $15.4 million and approximately $395 million of unused available debt capacity under the terms of its revolving credit facilities and committed bank line of credit.

Working investment as of March 29, 2003, was $748.9 million, down $6.3 million from the $755.2 million as of year-end 2002, despite an increase of $14.4 million from currency translation effects. The working investment measure is used by Snap-on in assessing management performance and effectiveness related to working capital.

Current accounts receivable-net at the end of the first quarter of 2003 was $561.0 million, up $4.8 million from year-end 2002 levels, including an increase of $9.6 million for currency translation effects. Excluding currency translation impacts, accounts receivable-current was down $4.8 million from year-end 2002 levels. Year over year, accounts receivable-current was down $27.3 million from the first quarter of 2002, primarily due to Snap-on's continued emphasis on reducing days sales outstanding. As of the end of the first quarter of 2003, days sales outstanding improved to 93 days from 104 days for the comparable prior-year period. Additionally, the allowance for doubtful accounts increased from $41.2 million at year-end 2002 to $44.7 million at the end of the first quarter of 2003.

Inventories totaled $368.2 million at the end of the 2003 first quarter, down $18.6 million from the end of the first quarter of 2002, and down $1.7 million (or $8.5 million, after excluding currency translation impacts) from year-end 2002 levels. The inventory decline in the first quarter, typically a period in which Snap-on has traditionally built inventories to support seasonal sales levels, reflects Snap-on's continued focus on improving working investment levels. Inventories accounted for using the first-in, first-out (FIFO) method approximated 65% of total inventories as of year-end 2002. All other inventories are generally accounted for using the last-in, first-out (LIFO) cost method. As a result of the lower inventory levels, the company's LIFO reserve declined from $95.8 million at December 28, 2002, to $94.7 million at March 29, 2003. As compared to the first quarter of 2002, inventory turns have improved from 2.7 turns to 3.1 turns.

Capital expenditures of $6.2 million in the first quarter of 2003 were down from the $13.9 million expended in the first quarter of 2002, reflecting tighter spending control in light of the continued weak economy. Investments primarily included new product-related, quality and cost reduction capital investments, as well as ongoing replacements of manufacturing and distribution facilities and equipment. Snap-on anticipates fiscal 2003 capital expenditures will be in the range of $45 million to $50 million, of which approximately two-thirds is expected to be used for investments relating to new products, quality enhancement or cost reduction. Capital expenditures in fiscal 2002 totaled $45.8 million.

Snap-on has undertaken stock repurchases from time to time to offset 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. During the first quarter of 2003, Snap-on repurchased 150,000 shares of common stock for $3.8 million under its previously announced share repurchase programs. As of the end of the first quarter of 2003, Snap-on has remaining availability to repurchase up to an additional $138 million in common stock pursuant to the Board of Directors' authorizations. The purchase of Snap-on common stock is at the company's discretion, subject to prevailing financial and market conditions.

Snap-on has paid consecutive quarterly cash dividends since 1939. In the fourth quarter of 2002, the company's Board of Directors declared a $.01 per share increase in the company's quarterly dividend on its common stock. The new quarterly dividend of $.25 per share represents a 4.2% increase over the previous quarterly dividend of $.24 per share. Cash dividends paid totaled $14.3 million in the first quarter of 2003, as compared to $13.9 million in the first quarter of 2002.

Snap-on believes that its cash from operations, coupled with its sources of borrowings, are sufficient to support its anticipated requirements for working capital, capital expenditures and continuous improvement activities, acquisitions, common stock repurchases and dividend payments.

OTHER MATTERS

Accounting Pronouncements: In January 2003, the FASB issued interpretation ("FIN") No. 46, "Consolidation of Variable Interest Entities" (an interpretation of Accounting Research Bulletin No. 51, "Consolidated Financial Statements"), which becomes effective for Snap-on at the beginning of its 2003 third quarter. FIN No. 46 provides guidance regarding the identification of variable interest entities ("VIE") for which control is achieved through means other than through voting rights. FIN No. 46 provides guidance in determining if a business enterprise is the primary beneficiary of a VIE and whether or not that business enterprise should consolidate the VIE for financial reporting purposes. FIN No. 46 applies to a VIE in which equity investors of the VIE, if any, do not have the characteristics of a controlling interest or do not have sufficient equity at risk for the VIE to finance its activities independently. FIN No. 46 requires each enterprise involved with a special purpose entity to determine whether it provides financial support to the special purpose entity through a variable interest. Variable interests may arise from financial instruments, service contracts, minority ownership interests or other arrangements. If an entity holds a majority of the variable interest, or a significant variable interest that is considerably more than any other party's variable interest, then that entity would be the primary beneficiary and would be required to include the assets, liabilities and results of operations of the special purpose entity in its consolidated financial statements.

Snap-on has not completed its evaluation of FIN No. 46 and, as a result, has not concluded on the impact the adoption may have on the company's financial position or results of operations. If it is determined that Snap-on Credit LLC ("SOC"), a 50%-owned financial services joint venture that is accounted for using the equity method, qualifies as a VIE, then Snap-on may be required to include the assets and liabilities (or some portion thereof) of SOC in its consolidated financial statements

beginning in the third quarter of 2003. As of March 31, 2003, and December 31, 2002, SOC had total assets of $42.4 million and $45.3 million. For additional information, refer to Note 6.

CRITICAL ACCOUNTING POLICIES

Snap-on's disclosures of its critical accounting policies, which are contained in its Annual Report on Form 10-K for the year ended December 28, 2002, have not materially changed since that report was filed.

OUTLOOK

During the second quarter, and throughout 2003, Snap-on will continue to emphasize the consistent and broad application of its Driven to Deliver(TM) business process and, in particular, the implementation of lean operating practices. Generating strong cash flow and further strengthening its balance sheet also remain key priorities for the year.

At the present time, Snap-on continues to expect steady demand by vehicle-service technicians. Snap-on believes that the concern regarding possible increases in oil and gasoline prices has receded at the end of the first quarter, but there is still little indication of a general economic improvement in the second quarter. Based on this broad economic outlook for the industrial and capital goods marketplace, and assuming (i) no significant change in oil and gasoline prices, (ii) the steady end-user demand in the dealer business, (iii) the continued introduction of successful new products, (iv) the positive effect of 53 weeks in the 2003 fiscal year, and (v) ongoing savings from its restructuring and Operational Fitness initiatives, Snap-on still expects to achieve higher sales and improved profitability in 2003 leading to an approximate 10% - 15% increase in earnings per share for the full year, consistent with its outlook announced at the beginning of 2003.

The full-year earnings expectation recognizes that Snap-on is incurring higher pension, other retirement and insurance costs, expects to continue to invest in new product development and incur costs to implement business and process improvements identified through the adoption of lean operating practices and other rationalization activities. This full-year earnings outlook also considers that Snap-on expects to continue to experience some further U.S. dealer inventory reductions in the second quarter. As a result, Snap-on expects a substantial part of its full-year earnings growth to occur in the second half of 2003.

Safe Harbor: Statements in this document that are not historical facts, including statements (i) that include the words "expects," "believes," "anticipates," or similar words that reference Snap-on or its management; (ii) specifically identified as forward-looking; or (iii) describing Snap-on's or management's future outlook, plans, estimates, objectives or goals, are forward-looking statements. Snap-on or its representatives may also make similar forward-looking statements from time to time orally or in writing. Snap-on 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 validity of the assumptions and bases set forth above and the timing and progress with which Snap-on can continue to achieve savings from its cost reduction and other Operational Fitness initiatives; Snap-on's capability to retain and attract dealers and effectively implement new programs; its ability to capture new business; the success of new products and other

Profitable Growth initiatives; Snap-on's ability to withstand external negative factors including terrorist disruptions on business; changes in trade, monetary and fiscal policies, regulatory reporting requirements, laws and regulations, or other activities of governments or their agencies, including military actions and such aftermath that might occur; Snap-on's ability to grow the U.S. dealer network; differences between the actual and estimated return on pension plan assets; and the absence of significant changes in inflation, the current competitive environment, energy supply or pricing, legal proceedings, supplier disruptions, 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. Snap-on operates in a continually changing business environment and new factors emerge from time to time. Snap-on cannot predict such factors nor can it assess the impact, if any, of such factors on Snap-on's financial position or its results of operations. Accordingly, forward-looking statements should not be relied upon as a prediction of actual results. Snap-on disclaims any responsibility to update any forward-looking statement provided in this document.

Item 3: Quantitative and Qualitative Disclosures About Market Risk

Market, Credit and Economic Risks

Market risk is the potential economic loss that may result from adverse changes in the fair value of financial instruments. Snap-on is exposed to market risk from changes in both foreign currency exchange rates and interest rates. Snap-on monitors its exposure to these risks and attempts to manage the underlying economic exposures through the use of financial instruments such as forward exchange contracts and interest rate swap agreements. Snap-on does not use derivative instruments for speculative or trading purposes. Snap-on's broad-based business activities help to reduce the impact that volatility in any particular area or related areas may have on its operating earnings as a whole. Snap-on's management takes an active role in the risk management process and has developed policies and procedures that require specific administrative and business functions to assist in the identification, assessment and control of various risks.

FOREIGN CURRENCY RISK MANAGEMENT: Snap-on has significant international operations. Foreign exchange risk exists to the extent that Snap-on has payment obligations or receipts denominated in currencies other than the functional currency. To manage these exposures, Snap-on identifies naturally offsetting positions and then purchases hedging instruments in an attempt to protect the residual net anticipated exposures. For additional information, refer to Note 8.

INTEREST RATE RISK MANAGEMENT: Snap-on's interest rate risk management policies are designed to reduce the potential volatility of earnings that could arise from changes in interest rates. Through the use of interest rate swaps, Snap-on aims to better manage funding costs of the differing maturities and interest rate structures of Snap-on's assets and liabilities. For additional information, refer to Note 8.

Snap-on 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 were made assuming normal market conditions and a 95% confidence level. Snap-on'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 estimated maximum potential one-day loss in fair value, calculated using the VAR model, at March 29, 2003, was $.9 million on interest rate-sensitive financial instruments and $.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 Snap-on, nor does it consider the potential effect of favorable changes in market factors.

CREDIT RISK: Credit risk is the possibility of loss from a customer's failure to make payments according to contract terms. Prior to granting credit, each customer is evaluated, taking into consideration the borrower's financial condition, collateral, debt-servicing capacity, past payment experience, credit bureau information, and other financial and qualitative factors that may affect the borrower's ability to repay. Specific credit reviews and standard industry credit scoring models are used in performing this evaluation. Loans that have been granted are typically monitored through an asset-quality-review process that closely monitors past due accounts and initiates collection actions when appropriate. In addition to credit risk exposure from its on-balance-sheet receivables, Snap-on also has credit risk exposure for certain loan originations with recourse provisions from SOC, a 50%-owned financial services joint venture, that is accounted for using the equity method. At March 29, 2003, $29.4 million of loans originated by SOC have a recourse provision to Snap-on if the loans become more than 90 days past due. For additional information on SOC, refer to Note 6.

ECONOMIC RISK: Economic risk is the possibility of loss resulting from economic instability in certain areas of the world. Snap-on continually monitors its exposure in these markets. Snap-on's Commercial and Industrial Group includes a Bahco Group AB ("Bahco") hand-tool manufacturing facility in Argentina with net assets of approximately $8.9 million as of March 29, 2003. Due to economic instability in Argentina, Snap-on resized its operations there in 2001. The Bahco Argentina facility continues to produce sockets and wrenches for both the domestic and export markets, including Latin America and Europe, and export sales are generally invoiced in U.S. dollars. Snap-on will continue to assess Argentina's economic situation to determine if any future actions or impairment write-downs are warranted.

As a result of the above market, credit and economic risks, net income and revenues in any particular period may not be representative of full-year results and may vary significantly from year to year and from quarter to quarter. Inflation has not had a significant impact on the company.

Item 4: Controls and Procedures

(a) Evaluation of Disclosure Controls and Procedures. In accordance with Rule 13a-15(b) of the Securities Exchange Act of 1934 (the "Exchange Act"), within 90 days prior to the filing date of this Quarterly Report on Form 10-Q, an evaluation was carried out under the supervision and with the participation of Snap-on's management, including its President and Chief Executive Officer and its Senior Vice President - Finance and Chief Financial Officer, of the effectiveness of the design and operation of Snap-on's disclosure controls and procedures (as defined in Rule 13a-14(c) under the Exchange Act). Based upon their evaluation of these disclosure controls and procedures, the President and Chief Executive Officer and the Senior Vice President - Finance and Chief Financial Officer concluded that the disclosure controls and procedures were effective as of the date of such evaluation to ensure that material information relating to Snap-on, including its consolidated subsidiaries, was made known to them by others within those entities, particularly during the period in which this Quarterly Report on Form 10-Q was being prepared.

(b) Changes in Internal Controls. There were not any significant changes in Snap-on's internal controls or other factors that could significantly affect these controls subsequent to the date of their evaluation, including any corrective actions with regard to significant deficiencies and material weaknesses.

PART II. OTHER INFORMATION

Item 6. Exhibits and Reports on Form 8-K

Item 6(a): Exhibits

Exhibit 10(a) Snap-on Incorporated Deferred Compensation Plan (as amended through January 23, 2003)

Exhibit 10(b) Snap-on Incorporated 2002 Executive Management Incentive Program

Exhibit 10(c) Snap-on Incorporated 2003 Executive Qualitative Incentive Program

Exhibit 10(d) Form of Share and Performance Award Agreement and Form of Deferred Share and Performance Award Agreement between the company and each of Dale F. Elliott, Martin M. Ellen, Michael F. Montemurro, Nicholas T. Pinchuk, Alan T. Biland, Jeffrey N. Eggert, Susan F. Marrinan and Blaine A. Metzger

Exhibit 12 Computation of Ratio of Earnings to Fixed Charges

Exhibit 99.1 Certification of Chief Executive Officer Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002. This certification accompanies the issuer's Quarterly Report on Form 10-Q and is not filed as provided in SEC Release Nos. 33-8212, 34-47551 and IC-25967, dated March 21, 2003.

Exhibit 99.2 Certification of Principal Financial Officer Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002. This certification accompanies the issuer's Quarterly Report on Form 10-Q and is not filed as provided in SEC Release Nos. 33-8212, 34-47551 and IC-25967, dated March 21, 2003.

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

During the first quarter of 2003, Snap-on reported on Form 8-K the following:

Date Filed	Date of Report	Item
January 22, 2003	January 22, 2003	Snap-on filed a press release entitled "Snap-on Reports Fourth-quarter EPS of $0.56 and Full-year 2002 EPS of $1.81; Strong 2002 Cash Flow Benefits from Operational Fitness Initiatives; 10% - 15% Earnings Growth Expected for 2003."
March 5, 2003	March 5, 2003	Snap-on filed its Annual Report on Form 10-K for the year ended December 28, 2002, and furnished copies, pursuant to Item 9 of Form 8-K, of the certifications required pursuant to 18 U.S.C. Section 1350 (Section 906 of the Sarbanes-Oxley Act of 2002) for Snap-on's Annual Report on Form 10-K for the year ended December 28, 2002.

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 person.

SNAP-ON INCORPORATED

Date: May 9, 2003

/s/ Martin M. Ellen

Martin M. Ellen, Principal Financial Officer,
Chief Financial Officer,
Senior Vice President - Finance

CERTIFICATIONS

I, Dale F. Elliott, Chief Executive Officer of Snap-on Incorporated, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Snap-on Incorporated;

2. Based on my knowledge, this quarterly report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this quarterly report;

3. Based on my knowledge, the financial statements, and other financial information included in this quarterly report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this quarterly report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-14 and 15d-14) for the registrant and have:

a) designed such disclosure controls and procedures to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this quarterly report is being prepared;

b) evaluated the effectiveness of the registrant's disclosure controls and procedures as of a date within 90 days prior to the filing date of this quarterly report (the "Evaluation Date"); and

c) presented in this quarterly report our conclusions about the effectiveness of the disclosure controls and procedures based on our evaluation as of the Evaluation Date;

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation, to the registrant's auditors and the audit committee of registrant's Board of Directors (or persons performing the equivalent functions):

a) all significant deficiencies in the design or operation of internal controls which could adversely affect the registrant's ability to record, process, summarize and report financial data and have identified for the registrant's auditors any material weaknesses in internal controls; and

b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal controls; and

6. The registrant's other certifying officer and I have indicated in this quarterly report whether there were significant changes in internal controls or in other factors that could significantly affect internal controls subsequent to the date of our most recent evaluation, including any corrective actions with

regard to significant deficiencies and material weaknesses.

Date: May 9, 2003

/s/ Dale F. Elliott

Dale F. Elliott
Chief Executive Officer

I, Martin M. Ellen, Principal Financial Officer of Snap-on Incorporated, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Snap-on Incorporated;

2. Based on my knowledge, this quarterly report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this quarterly report;

3. Based on my knowledge, the financial statements, and other financial information included in this quarterly report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this quarterly report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-14 and 15d-14) for the registrant and have:

a) designed such disclosure controls and procedures to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this quarterly report is being prepared;

b) evaluated the effectiveness of the registrant's disclosure controls and procedures as of a date within 90 days prior to the filing date of this quarterly report (the "Evaluation Date"); and

c) presented in this quarterly report our conclusions about the effectiveness of the disclosure controls and procedures based on our evaluation as of the Evaluation Date;

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation, to the registrant's auditors and the audit committee of registrant's Board of Directors (or persons performing the equivalent functions):

a) all significant deficiencies in the design or operation of internal controls which could adversely affect the registrant's ability to record, process, summarize and report financial data and have identified for the registrant's auditors any material weaknesses in internal controls; and

b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal controls; and

6. The registrant's other certifying officer and I have indicated in this quarterly report whether there were significant changes in internal controls or in other factors that could significantly affect internal controls subsequent to the date of our most recent evaluation, including any corrective actions with regard to significant deficiencies and material weaknesses.

Date: May 9, 2003

/s/ Martin M. Ellen

Martin M. Ellen
Principal Financial Officer

EXHIBIT INDEX

Exhibit No.	Exhibit
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EXHIBIT 10(a)

SNAP-ON INCORPORATED
DEFERRED COMPENSATION PLAN
(as amended through January 23, 2003)

Section 1. Establishment and Purposes

1.1 Establishment. Snap-on Incorporated established effective as of April 1, 1986, a deferred compensation plan for executives as described herein, known as the "SNAP-ON INCORPORATED DEFERRED COMPENSATION PLAN" (hereinafter called the "Plan"). Snap-on Incorporated hereby amends the Plan effective March 12, 2002.

1.2 Purposes. The purposes of this Plan are to (i) enable the Corporation to attract and retain persons of outstanding competence, (ii) provide a means whereby certain amounts payable by the Corporation to selected executives may be deferred to some future period and to provide such executives with a means to have deferred amounts treated as if invested in the Corporation's stock, thereby aligning their interests more closely with the interests of shareholders and (iii) effective July 1, 2001, provide a matching credit by the Corporation to certain elected officers of the Corporation and to provide such elected officers with alternatives as to the manner in which annual adjustments are made to their credited matching accounts. The Plan is intended to constitute an unfunded plan primarily for the purpose of providing deferred compensation for a select group of management or highly compensated employees.

Section 2. Definitions

2.1 Definitions. Whenever used herein, the following terms shall have the meanings set forth below:

(a) "Board" means the Board of Directors of the Corporation.

(b) "Cause" means that prior to a Participant's termination of employment, he shall have (i) engaged in any act of fraud, embezzlement or theft in connection with his duties as an executive or in the course of employment with the Corporation or its subsidiaries; (ii) wrongfully disclosed any secret process or confidential information of the Corporation or its subsidiaries; or (iii) engaged in any Competitive Activity; and in any such case the act shall have been determined to have been materially harmful to the Corporation. A Participant's employment may not be terminated for Cause prior to the receipt by the Participant of a copy of a resolution duly adopted by the affirmative vote of not less than three-quarters (3/4) of the entire membership of the Board at a meeting of the Board called and held for the purpose of considering such termination (after reasonable notice to the Participant and an opportunity for the Participant, together with the Participant's counsel, to be heard before the Board) finding that the Participant was guilty of conduct set forth in the definition of Cause, and specifying the particulars thereof in detail. In the event of a dispute regarding whether the Participant's employment has been terminated for Cause, no claim by the Corporation that Cause exists shall be given effect unless the Corporation establishes by clear and convincing evidence that Cause exists.

(c) "Committee" means the Organization and Executive Compensation Committee of the Board or, as to compensation matters in respect of which it has authority, any other committee of the Board or director or officer of the Corporation that has authority of the Organization and Executive Compensation Committee of the Board relating to compensation matters.

(d) "Common Stock" means the common stock, par value $1.00 per share, of the Corporation.

(e) "Compensation" means the gross Salary and Incentive Compensation payable to a Participant during a Year and Other Compensation payable to a Participant.

(i) Salary. "Salary" means all regular, basic compensation, before reduction for amounts deferred pursuant to this Plan or any other plan of the Corporation, payable in cash to a Participant for services during the Year, exclusive of any bonuses or incentive compensation, special fees or awards, allowances, or amounts designated by the Corporation as payments toward or reimbursement of expenses.

(ii) Incentive Compensation. "Incentive Compensation" means the annual Incentive Compensation Plan payable in cash by the Corporation to a Participant in a Year.

(iii) Other Compensation. "Other Compensation" means other compensation payable in cash and/or Common Stock or other property by the Corporation to a Participant in a Year, including without limitation compensation payable under the Amended and Restated Snap-on Incorporated 1986 Incentive Stock Program, as amended (the "Stock Program"), if the award of such compensation provides that the Participant may defer the compensation.

(f) "Competitive Activity" shall mean the Participant's participation without the written consent of the Board in the management of any business enterprise which manufactures or sells any product or service competitive with any product or service of the Corporation or its subsidiaries. Competitive Activity shall not include the ownership of less than five (5) percent of the securities in any enterprise and exercise of any ownership rights related thereto.

(g) "Corporation" means Snap-on Incorporated, a Delaware corporation.

(h) "Fair Market Value" means the closing price of the Common Stock on the New York Stock Exchange on any particular date; provided, however, that for purposes of Section 17, Fair Market Value shall mean the closing price of the Common Stock on the New York Stock Exchange on the date of the Change of Control (as defined therein)

or, if higher, the highest price per share of Common Stock paid in the transaction giving rise to the Change of Control.

(i) "Growth Increment" means the amount of interest earned on a Participant's deferred amounts.

(j) "Participant" means an individual eligible to participate in the Plan pursuant to Section 3.1. "Snap-on 401(k) Plan" means the Snap-on Incorporated 401(k) Personal Savings Plan, as amended from time to time.

(k) "Year" means a calendar year.

2.2 Gender and Number. Except when otherwise indicated by the context, any masculine terminology used herein also shall include the feminine gender, and the definition of any term herein in the singular also shall include the plural.

Section 3. Eligibility and Participation

3.1 Eligibility. The Plan is primarily for the purpose of providing deferred compensation for a select group of management or highly compensated employees. Subject to the preceding sentence, the following persons shall be eligible to participate in the Plan:

(a) the elected officers and appointed officers of the Corporation;
(b) the elected officers and appointed officers of Snap-on Tools Company LLC;
(c) any other employee of the Corporation or any direct or indirect subsidiary of the Corporation whose employment grade is Grade 37 or higher (or the equivalent of Grade 37 or higher, as determined by the Chief Executive Officer); and
(d) any other employee of the Corporation or any direct or indirect subsidiary of the Corporation designated by the Chair of the Committee or by the Chief Executive Officer of the Corporation from time to time.

3.2 Ceasing Eligibility. In the event a Participant no longer meets the requirements for participation in this Plan, he shall become an inactive

Participant. An inactive Participant shall retain all rights described under this Plan, except the right to make any further deferrals and the right to receive any further matching credits, until the time that he again meets the eligibility requirements of Section 3.1 (and, if applicable, Section 5.1).

Section 4. Election to Defer

4.1 Deferral Election. (a) Subject to the following provisions, prior to the beginning of the Year, a Participant irrevocably may elect, by written notice to the Corporation, to defer all or a percentage of annual Salary, Incentive Compensation, or both Salary and Incentive Compensation. The amount to be deferred each Year must equal or exceed Five Thousand and No/100 Dollars ($5,000.00).

(i) With respect to Salary deferrals, the deferral percentage elected shall be applied to the Participant's Salary for each pay period of the Year to which the deferral election applies and must be made before November 30 of the year immediately preceding the Year for which such deferral election applies.

(ii) With respect to Incentive Compensation deferrals, the deferral percentage elected shall apply only to the Participant's Incentive Compensation payable with respect to service to be performed in the Year and must be made before December 31 of such Year.

(b) An individual who becomes a Participant at or after the beginning of the Year may irrevocably elect, by written notice to the Corporation, to defer all or a percentage of (i) the annual Salary earned by such Participant for such Year after such election, if such election is made within thirty (30) days after becoming a Participant, and (ii) the pro rata share of the Participant's Incentive Compensation, if any, payable with respect to service performed during such Year, if such election is made before December 31 of such Year.

(c) If so provided in an award of Other Compensation, and subject to such restrictions and conditions as may be set forth in the award or imposed by the Corporation, a Participant irrevocably may elect, by written notice to the Corporation, to defer all or a percentage of such Other Compensation.

4.2 Deferral Period. (a) The Participant irrevocably shall select the deferral period for each separate deferral. The deferral period shall be for a specified number of Years or until a specified date. The deferral period shall not be less than five (5) Years.

(b) However, notwithstanding the deferral period specified, payments of deferred amounts shall begin following the earliest to occur of:

(i) Death,

(ii) Total and permanent disability,

(iii) Subject to subsection (c), retirement, or

(iv) Subject to subsection (d), termination of employment.

(c) A Participant may elect to have the deferral period for some or all amounts deferred continue beyond termination of employment due to retirement by so indicating when the Participant selects, or modifies pursuant to Section 4.4, the Participant's deferral period for a deferral. At such time the Participant may elect one or more successive post retirement deferral periods of up to five (5) Years each.

(d) Effective January 1, 2001, a Participant may elect to have the deferral period for some or all amounts deferred continue beyond termination of employment with the Corporation, but only if such employment was terminated at the initiative of the Corporation for reasons other than for Cause. A Participant may exercise this one-time election by so indicating when the Participant selects, or modifies pursuant to Section 4.4, the Participant's deferral period for a deferral. At such time, the Participant may elect one or more post-termination deferral periods of up to five (5) Years each.

4.3 Manner of Payment Election. At the same time as an election is made pursuant to Section 4.1, or is modified pursuant to Section 4.4, the Participant also may elect to have a deferred amount paid either in a lump sum or in up to twenty (20) substantially equal annual installments; provided, however, at such time a Participant that elects to receive payments in substantially equal annual installments may also specify a date within the installment period to receive all then remaining deferred amounts in a lump sum.

4.4 Modification. A Participant may change the manner in which a deferred amount will be paid and/or the date such payments are to commence by written election made prior to the Year in which such payments are to commence.

Section 5. Matching Credits

5.1 Effective Date and Eligibility. Effective July 1, 2001, the Corporation shall credit matching credits under this Plan only to Participants described in this Section at such time and in such amounts as provided in Section 5.2. Notwithstanding anything to the contrary in the Plan, only elected officers of the Corporation who are also actively participating under the cash balance formula in the Snap-on Incorporated Supplemental Retirement Plan for Officers, as amended from time to time, and are making deferrals for the Year shall be eligible for a matching credit by the Corporation for a Year for their benefit under this Plan.

5.2 Time and Amount of Matching Contributions. The Corporation shall credit matching credits under this Plan during each calendar quarter for the benefit of each eligible Participant. The amount of the matching credit for each calendar quarter for the benefit of an eligible Participant will be an amount equal to the excess of:

(a) the lesser of (i) the product of the Participant's total deferrals to this Plan, excluding deferrals of Other Compensation under the Amended and Restated Snap-on Incorporated 1986 Incentive Stock Program or the Snap-on Incorporated 2001 Incentive Stock and Awards Plan, for the calendar quarter multiplied by fifty percent (50%), or (ii) three percent (3%) of the Participant's Compensation (other than Other Compensation under the Amended and Restated Snap-on Incorporated 1986 Incentive Stock Program or the Snap-on Incorporated 2001 Incentive Stock and Awards Plan) for such calendar quarter, over

(b) the actual matching contribution made by the Corporation for the benefit of such Participant for such calendar quarter under the Snap-on 401(k) Plan.

5.3 Deferral Period.

(a) The deferral period selected for a Year's deferrals by a Participant under Section 4.2 shall also apply to the matching credits credited under Section 5 with respect to those deferrals.

(b) However, notwithstanding the deferral period specified, payments of matching credits shall begin following the earliest to occur of:

(i) Death,

(ii) Total and permanent disability,

(iii) Subject to Section 4.2(c), retirement, or

(iv) Subject to section 4.2(d), termination of employment.

5.4 Manner of Payment Election. A Participant's elected manner of payment for deferred payments under Section 4.3 shall also apply to the matching credits credited under Section 5 with respect to those deferrals.

5.5 Modification. A Participant's change in the manner in which the deferred amounts will be paid and/or the date such payments are to commence under Section 4.4 will apply to the associated matching credits.

Section 6. Deferred Compensation and Matching Credits Accounts

6.1 Participant Accounts.

(a) Deferred Compensation Accounts. The Corporation shall establish and maintain individual bookkeeping accounts in respect of deferrals made by a Participant consisting of a "Cash Account" and a "Share Account." A Participant shall have separate Cash Accounts and Share Accounts for deferred amounts with different deferral periods under Section 4.2 and/or manners of payment under Section 4.3. A Participant's Cash Account shall be credited with the dollar amount of any amount deferred as of the date the amount deferred otherwise would have become due and payable unless prior to such date the Participant notifies the Corporation in writing that all or any portion of the dollar amount deferred shall be converted into deferred shares of Common Stock to be credited to the Participant's Share Account. In such event (i) there shall be credited to the Participant's Share Account as of such date a number of units ("Share Units") equal to the dollar amount of any amount deferred or if less the dollar amount specified in such notice divided by the Fair Market Value on the last trading business day immediately preceding the date the amount deferred otherwise would have become due and payable and (ii) the Participant's Cash Account shall be credited as of such date with the balance of the dollar amount deferred, if any.

(b) Matching Credits Accounts. The Corporation shall establish and maintain an individual bookkeeping account in respect of matching credits by the Corporation for the benefit of an eligible Participant to be known as a "Matching Account". A Participant's Matching Account shall be credited with a number of units ("Share Units") equal to the dollar amount of matching credits under Section 5 for the Participant's benefit divided by the Fair Market Value on the last trading business day immediately preceding the date the Corporation credits the matching credits.

6.2 Growth Increments on Cash Accounts. The Corporation will provide the opportunity for Growth Increments to be earned on the balance of a Participant's Cash Accounts. The Committee will have the authority to select, from time to time, the appropriate interest rate to apply to such amounts. Each Cash Account shall be credited on the first day of each month with a Growth Increment computed on the daily balance in the Cash Account during the immediately preceding month. The Growth Increment shall be the sum of the daily interest earned, compounded monthly by the interest rate selected by the Committee.

6.3 Share Accounts.

(a) Subject to applicable corporate policies, from time to time a Participant may convert all or a portion of any Cash Account balance of the Participant into deferred shares of Common Stock credited to the Participant's corresponding Share Account by written notice to the Corporation. In such event, and effective as of the date the Corporation receives such a notice, (i) there shall be credited to the Participant's Share Account a number of Share Units equal to the number of Share Units specified in the notice or, if such notice specifies a dollar amount, a number of Share Units equal to such dollar amount divided by the Fair Market Value on the last trading business day immediately preceding the date the Corporation receives such notice and (ii) the Participant's Cash Account shall be debited in an amount equal to the number of Share Units credited to the Share Account multiplied by the Fair Market Value on the same trading business day.

(b) Subject to the authority of the Committee, the Corporation's Chief Executive Officer may approve the terms of any agreements between the Corporation and any Participant relating to the deferral of Other Compensation where, but for the Participant's deferral, the Participant would have received shares of Common Stock if such officer determines that such terms are appropriate to carry out the purposes of this Plan and the award of Other Compensation. Without limitation, the Corporation may enter into an agreement with a Participant relating to such a deferral under which (i)(A) there shall be credited to the Participant's Share Account a number of Share Units equal to the number of shares of Common Stock the receipt of which the Participant has deferred which credit shall be made as of the date the Other Compensation deferred otherwise would have become due and payable or (B) Share Units shall be credited to the Participant's Share Account only at a future date, such as the date that one or more conditions to vesting have been satisfied; (ii) a credit of Share Units may be made subject to such restrictions as are imposed under the terms of the award of Other Compensation (or restrictions substantially equivalent to those to which shares of Common Stock would have been

subject but for the deferral), including without limitation forfeiture under certain circumstances and restrictions on the Participant's rights to convert such Share Units pursuant to this Section 6.5; and (iii) if the terms of the award of Other Compensation require a Participant to deliver cash and/or shares of Common Stock to the Corporation to exercise or otherwise receive the benefit of such Other Compensation, then in lieu of delivering such cash and/or Common Stock, there may be a debit to the Participant's Cash Account in an amount equal to the amount of cash that the Participant otherwise would have delivered and/or a debit to the Participant's Share Account in an amount equal to the number of shares of Common Stock that the Participant otherwise would have delivered, in each case to the extent of any credit balance in such account.

6.4 Cash Dividends. Whenever cash dividends are paid by the Corporation on outstanding Common Stock, as of the payment date for the dividend, at the election of a Participant (i) there shall be credited to a Participant's Cash Account, as appropriate, an amount equal to the amount per share of the cash dividend on the Common Stock multiplied by the number of Share Units credited to the Participant's Share Account, if any, as of the close of business on the record date for the dividend or (ii) there shall be credited between a Participant's Share Account and Matching Account (if any, and then only to the extent then maintained in Share Units), as appropriate, additional Share Units equal to the cash amount described in clause (i) divided by the Fair Market Value of the Common Stock on the last trading business day immediately preceding the date of payment of the dividend. Absent an express election by a Participant, clause (i) shall apply. A Participant shall be entitled to elect treatment under clause (i) as to some Share Units reflected in the Participant's Share Account and treatment under clause (ii) as to other Share Units reflected in the Participant's Share Account. Clause (ii) shall apply to Share Units reflected in the Participant's Matching Account.

6.5 Conversion of Share Account. Subject to applicable corporate policies, from time to time a Participant with a credit balance in a Share Account may convert all or a portion of such balance into an amount to be credited to the Participant's corresponding Cash Account by giving written notice to the Corporation. In such event, and effective as of the date the Corporation receives such a notice, (i) there shall be credited to the Participant's Cash Account an amount equal to the number of Share Units specified in the notice multiplied by the Fair Market Value on the last trading business day immediately preceding the date the Corporation receives such notice and (ii) the Participant's Share Account shall be debited by the number of Share Units specified in the notice.

6.6 Earnings Adjustments to Matching Accounts.

(a) Except as provided in Section 6.6(b), a Participant's Matching Account will be adjusted (in the manner provided in Section 6.6(c)) at the end of each Year in an amount which is equal to the net increase (or net decrease as appropriate) in Fair Market Value for the same Year.

(b) Diversification Election. Notwithstanding anything in Section 6.6(a) to the contrary, a Participant may elect, subject to the limits in this Section 6.6(b), that annual earnings adjustments to his Matching Account be determined with reference to a measure other than Fair Market Value. For purposes of this Section 6.6(b), a change to the measure used to determine adjustments to a Matching Account of a Participant shall be made at the election of the Participant, but only at the same times, under the same conditions and subject to the same limitations as are allowed or imposed under the Snap-on 401(k) Plan for diversifying the Corporation's matching contribution under such plan out of shares of Common Stock to other permissible investments available under the Snap-on 401(k) Plan. The election provided in this Section 6.6(b) shall be made in writing as directed by the Committee. Earnings adjustments to Matching Accounts after the effective date of an election under this Section 6.6(b) shall be calculated for the Participant's Matching Account with reference to the Participant's duly elected alternative earnings measure. Once an election is made under this Section 6.6(b), the Participant's Matching Account balance shall be converted out of Share Units (using Fair Market Value on the last trading business day immediately preceding the date the election is effective) and shall not be maintained in Share Units again.

(c) An eligible Participant's Matching Account shall be credited, or debited, as appropriate, at the end of each Year with (i) a number of Share Units equal to the dollar amount of adjustments determined under Section 6.6(a) divided by the Fair Market Value on the last trading business day immediately preceding the date the Corporation credits such adjustments to the Participant's Matching Account, or (ii) an earnings adjustment calculated as provided in Section 6.6(b) if a qualified election has been made under Section 6.6(b).

6.7 Charges Against Accounts. There shall be charged against a Participant's Cash Account any cash payments (excluding payments for fractional shares) made to the Participant or to his beneficiary in accordance with Section 7. There shall be charged against a Participant's Share Account any distributions made to the Participant or to his beneficiary in respect of the Participant's Share Account in accordance with Section 7. There shall be charged against a Participant's Matching Account any distributions made to the Participant or to his beneficiary in respect of the Participant's Matching Account in accordance with Section 7.

Section 7. Payment of Deferred and Matching Amounts

7.1 Payment of Deferred and Matching Amounts.

(a) Payment of a Participant's Cash Account balance, including accumulated Growth Increments attributable thereto and dividend credits under Section 6.4, shall be paid in cash commencing within thirty (30) calendar days after the commencement date referred to in Section 4.2. The payments shall be made in the manner selected by the Participant under Section 4.3 or, in the absence thereof, in a lump sum. The amount of each payment shall be equal to a Participant's then distributable Cash Account balance multiplied by a fraction, the numerator of which is one and the denominator of which is the number of installment payments remaining.

(b) Payment of a Participant's Share Account balance shall be paid commencing within thirty (30) calendar days after the commencement date referred to in Section 4.2. Payments in respect of a Share Account balance shall be made by converting Share Units into Common Stock on a one-for-one basis, with payment of fractional shares to be made in cash based upon the Fair Market Value on the last trading business day immediately preceding the date of payment; provided, however, that at the election of a Participant, made by written notice to the Corporation delivered not less than five business days before a payment due date, payments in respect of a Share Account may be made solely in cash in an amount equal to the number of Share Units then payable multiplied by the Fair Market Value on the last trading business day immediately preceding the date of payment. The payments shall be made in the manner selected by the Participant under Section 4.3 or, in the absence thereof, in a lump sum. The number of Share Units payable at the time of a payment shall be equal to a Participant's then distributable Share Account balance multiplied by a fraction, the numerator of which is one and the denominator of which is the number of installment payments remaining.

(c) Payment of a Participant's Matching Account balance shall be paid commencing within thirty (30) calendar days after the commencement date referred to in Section 5.3. Payments in respect of a Matching Account balance maintained in Share Units at the time shall be made by converting Share Units into Common Stock on a one-for-one basis, with payment of fractional shares to be made in cash based upon the Fair Market Value on the last trading business day immediately preceding the date of payment; provided, however, that at the election of a Participant, made by written notice to the Corporation delivered not less than five (5) business days before a payment due date, payments in respect of a Matching Account maintained in Share Units at the time may be made solely in cash in an amount equal to the number of Share Units then payable multiplied by the Fair Market Value on the last trading business day immediately preceding the date of payment. Payments of a Participant's Matching Account balance that is no longer maintained in Share Units shall be in cash in an amount equal to the Matching Account balance plus accumulated adjustments under Sections 6.6(b) and 6.6(c) and dividend credits under Section 6.4. The payments shall be made in the manner selected by the Participant under Section 5.4 or, in the absence thereof, in a lump sum. The number of Share Units payable at the time of a payment shall be equal to a Participant's then distributable Matching Account balance maintained in Share Units multiplied by a fraction, the numerator of which is one and the denominator of which is the number of installment payments remaining.

7.2 Acceleration of Payments. If a Participant dies prior to the payment of all or a portion of his Cash Account, Share Account and/or Matching Account balances, the balance of any amounts payable shall be paid in a lump sum to the beneficiaries designated under Section 8. If a Participant's Cash Account balance is less than Five Thousand and No/100 Dollars ($5,000.00) at the time for the payment specified, such amount shall be paid to the Participant in a lump sum. If either a Participant's Share Account or Matching Account balance is less than three hundred (300) Share Units at the time for the payment specified, such amount shall be paid to the Participant in a lump sum.

7.3 Financial Emergency. The Committee, in its sole discretion, may alter the timing or manner of payment of deferred amounts and/or matching amounts in the event that the Participant establishes, to the satisfaction of the Committee, severe financial hardship. In such event, the Committee may:

(a) provide that all, or a portion of, the amount previously deferred by the Participant immediately shall be paid in a lump sum payment,

(b) provide that all, or a portion of, the installments payable over a period of time immediately shall be paid in a lump sum, or

(c) provide for such other installment payment schedules as it deems appropriate under the circumstances, as long as the amount distributed shall not be in excess of that amount which is necessary for the Participant to meet the financial hardship.

Severe financial hardship will be deemed to have occurred in the event of the Participant's impending bankruptcy, a dependent's long and serious illness, or other events of similar magnitude. The Committee's decision in passing on the severe financial hardship of the Participant and the manner in which, if at all, the payment of deferred amounts or matching credits shall be altered or modified shall be final, conclusive, and not subject to appeal.

Section 8. Beneficiary Designation

8.1 Designation of Beneficiary. A Participant shall designate a beneficiary or beneficiaries who, upon the Participant's death, are to receive the amounts that otherwise would have been paid to the Participant. All designations shall be in writing to the Corporation in such form as it requires or accepts and signed by the Participant. The designation shall be effective only if and when delivered to the Corporation during the lifetime of the Participant. The Participant also may change his beneficiary or beneficiaries by a signed, written instrument delivered to the Corporation. However, if a married Participant maintains his primary residence in a state that has community property laws, the Participant's spouse shall join in any designation of a beneficiary or beneficiaries other than the spouse. The payment of amounts shall be in accordance with the last unrevoked written designation of beneficiary that has been signed and delivered to the Corporation.

8.2 Death of Beneficiary. In the event that all of the beneficiaries named in Section 8.1 predecease the Participant, the amounts that otherwise would have been paid to the Participant shall be paid to the Participant's estate, and in such event, the term "beneficiary" shall include his estate.

8.3 Ineffective Designation. In the event the Participant does not designate a beneficiary, or if for any reason such designation is ineffective, in whole or in part, the amounts that otherwise would have been paid to the Participant shall be

paid to the Participant's estate, and in such event, the term "beneficiary" shall include his estate.

Section 9. Rights of Participants

9.1 Contractual Obligation. It is intended that the Corporation is under a contractual obligation to make payments from a Participant's account when due. Payment of account balances payable in cash shall be made out of the general funds of the Corporation as determined by the Board.

9.2 Unsecured Interest. No Participant or beneficiary shall have any interest whatsoever in any specific asset of the Corporation. To the extent that any person acquires a right to receive payments under this Plan, such receipt shall be no greater than the right of any unsecured general creditor of the Corporation.

9.3 Employment. Nothing in the Plan shall interfere with or limit in any way the rights of the Corporation to terminate any Participant's employment at any time, nor confer upon any Participant any right to continue in the employ of the Corporation.

9.4 Participation. No employee shall have a right to be selected as a Participant or, having been so selected, to be selected again as a Participant.

Section 10. Nontransferability

10.1 Nontransferability. In no event shall the Corporation make any payment under this Plan to any assignee or creditor of a Participant or a beneficiary. Prior to the time of a payment hereunder, a Participant or a beneficiary shall have no rights by way of anticipation or otherwise to assign or otherwise dispose of any interest under this Plan nor shall such rights be assigned or transferred by operation of law.

Section 11. Administration

11.1 Administration. This Plan shall be administered by the Committee. The Committee may from time to time establish rules for the administration of this Plan that are not inconsistent with the provisions of this Plan.

11.2 Finality of Determination. The Committee has sole discretion in interpreting the provisions of the Plan. The determination of the Committee as to any disputed questions arising under this Plan, including questions of construction and interpretation, shall be final, binding, and conclusive upon all persons.

11.3 Expenses. The cost of payments from this Plan and the expenses of administering the Plan shall be borne by the Corporation.

11.4 Action by the Corporation. Any action required or permitted to be taken under this Plan by the Corporation shall be by resolution of the Board, by the duly

authorized Committee of the Board, or by a person or persons authorized by resolution of the Board or the Committee.

Section 12. Amendment and Termination

12.1 Amendment and Termination. The Corporation expects the Plan to be permanent but, since future conditions affecting the Corporation cannot be anticipated or foreseen, the Corporation necessarily must and does hereby reserve the right to amend, modify, or terminate the Plan at any time by action of the Board. Notwithstanding the foregoing, upon the occurrence of a Potential Change of Control (as hereinafter defined) and for a period of six (6) months thereafter, the Plan may not be terminated or amended in a manner adverse to Participants. For purposes of this Section, a "Potential Change of Control" shall be deemed to have occurred if an event set forth in any one of the following shall have occurred:

(i) The Corporation enters into an agreement, the consummation of which would result in the occurrence of a Change of Control;

(ii) The Corporation or any other Person publicly announces an intention to take or consider taking actions that, if consummated, would constitute a Change of Control;

(iii) Any Person becomes the Beneficial Owner, directly or indirectly, of securities of the Corporation representing fifteen percent (15%) or more of either the then outstanding shares of Common Stock or the combined voting power of the Corporation's then outstanding voting securities; or

(iv) The Board adopts a resolution to the effect that, for purposes of this Plan, a Potential Change of Control has occurred.

Each of "Change of Control," "Person" and "Beneficial Owner" shall have the meaning set forth in Section 17.1.

Section 13. Applicable Law

13.1 Applicable Law. This Plan shall be governed and construed in accordance with the laws of the State of Wisconsin.

Section 14. Withholding of Taxes

14.1 Tax Withholding. The Corporation shall have the right to deduct from all contributions made to, or payments made from, the Plan any federal, state, or local taxes required by law to be withheld with respect to such contributions or payments. The Corporation may defer making payments in the form of Common Stock under the Plan until satisfactory arrangements have been made for the payment of any federal, state or local taxes required to be withheld with respect to such payment or delivery. Each Participant shall be entitled to irrevocably elect, prior to the date shares of Common Stock would otherwise be delivered

hereunder, to have the Corporation withhold shares of Common Stock having an aggregate value equal to the amount required to be withheld. The value of fractional shares remaining after payment of the withholding taxes shall be paid to the Participant in cash. Shares so withheld shall be valued at Fair Market Value on the last trading business day immediately preceding the date such shares would have otherwise been transferred hereunder.

Section 15. Notice

15.1 Notice. Any notice required or permitted to be given under the Plan shall be sufficient if in writing and hand-delivered, or sent by a registered or certified mail, and if given to the Corporation, delivered to the principal office of the Corporation. Such notice shall be deemed given as of the date of delivery or, if delivery is made by mail, as of the date shown on the postmark or the receipt for registration or certification.

Section 16. Common Stock Matters

16.1 Stock Reserved for the Plan. The Corporation shall make available as and when required a sufficient number of shares of Common Stock to meet the needs of the Plan. Shares of Common Stock issued hereunder shall be previously issued shares reacquired and held by the Corporation.

16.2 General Restrictions.

(a) Investment Representations. The Corporation may require any

Participant, as a condition of receiving Common Stock under this Plan, to give written assurances in substance and form satisfactory to the Corporation and its counsel to the effect that such person is acquiring the Common Stock for his own account for investment and not with any present intention of selling or otherwise distributing the same, and to such other effects as the Corporation deems necessary or appropriate in order to comply with federal and applicable state securities laws.

(b) Compliance with Securities Laws. Delivery of Common Stock under the Plan shall be subject to the requirement that, if at any time counsel to the Corporation shall determine that the listing, registration or qualification of the shares of Common Stock upon any securities exchange or under any state or federal law, or the consent or approval of any governmental or regulatory body, is necessary as a condition of, or in connection with, the issuance of shares thereunder, such shares may not be delivered in whole or in part unless such listing, registration, qualification, consent or approval shall have been effected or obtained on conditions acceptable to the Committee. Nothing herein shall be deemed to require the Corporation to apply for or to obtain such listing, registration or qualification.

16.3 Effect of Certain Changes in Capitalization. In the event of any Change in Capitalization, a proportionate substitution or adjustment may be made in (a) the aggregate number and/or kind of shares or other property reserved for issuance under the Plan, (b) the number and kind of shares or other property to be delivered

under the Plan and (c) the number and kind of shares or other property held in each Participant's Share Account and Matching Account (if any), in each case as may be determined by the Committee in its sole discretion. Such other proportionate substitutions or adjustments may be made as shall be determined by the Committee in its sole discretion. "Change in Capitalization" means any increase, reduction, change or exchange of shares of Common Stock for a different number or kind of shares or other securities or property by reason of a reclassification, recapitalization, merger, consolidation, reorganization, issuance of warrants or rights, stock dividend, stock split or reverse stock split, combination or exchange of shares, repurchase of shares, change in corporate structure or otherwise; or any other corporate action, such as declaration of a special dividend, that affects the capitalization of the Corporation.

Section 17. Change of Control

17.1 Change of Control. For purposes of this Plan, a "Change of Control" shall be deemed to have occurred on the first to occur of any one of the events set forth in the following paragraphs:

(a) any Person is or becomes the Beneficial Owner, directly or indirectly, of securities of the Corporation (not including in the securities Beneficially Owned by such Person any securities acquired directly from the Corporation or its Affiliates) representing 25% or more of either the then outstanding shares of Common Stock or the combined voting power of the Corporation's then outstanding voting securities, excluding any Person who becomes such a Beneficial Owner in connection with a transaction described in clause (i) of paragraph (c) below; or

(b) the following individuals cease for any reason to constitute a majority of the number of directors then serving: individuals who, on January 25, 2002, constitute the Board and any new director (other than a director whose initial assumption of office is in connection with an actual or threatened election contest, including but not limited to a consent solicitation, relating to the election of directors of the Corporation as such terms are used in Rule 14a-11 of Regulation 14A under the Exchange Act) whose appointment or election by the Board or nomination for election by the Corporation's stockholders was approved or recommended by a vote of at least two-thirds (2/3) of the directors then still in office who either were directors on January 25, 2002 or whose appointment, election or nomination for election was previously so approved or recommended; or

(c) there is consummated a merger or consolidation of the Corporation or any direct or indirect subsidiary of the Corporation with any other corporation, other than (i) a merger or consolidation which would result in the voting securities of the Corporation outstanding immediately prior to such merger or consolidation continuing to represent (either by remaining outstanding or by being converted into voting securities of the surviving entity or any parent thereof) at least 60% of the combined voting power of the voting securities of the Corporation or such surviving entity or any parent thereof outstanding immediately after such merger or consolidation, or (ii) a merger or consolidation effected to implement a recapitalization of the Corporation (or similar

transaction) in which no Person is or becomes the Beneficial Owner, directly or indirectly, of securities of the Corporation (not including in the securities Beneficially Owned by such Person any securities acquired directly from the Corporation or its Affiliates) representing 25% or more of either the then outstanding shares of Common Stock or the combined voting power of the Corporation's then outstanding voting securities; or

(d) the stockholders of the Corporation approve a plan of complete liquidation or dissolution of the Corporation or there is consummated an agreement for the sale or disposition by the Corporation of all or substantially all of the Corporation's assets (in one transaction or a series of related transactions within any period of 24 consecutive months), other than a sale or disposition by the Corporation of all or substantially all of the Corporation's assets to an entity, at least 75% of the combined voting power of the voting securities of which are owned by stockholders of the Corporation in substantially the same proportions as their ownership of the Corporation immediately prior to such sale.

Notwithstanding the foregoing, no "Change of Control" shall be deemed to have occurred if there is consummated any transaction or series of integrated transactions immediately following which the record holders of the Common Stock immediately prior to such transaction or series of transactions continue to have substantially the same proportionate ownership in an entity which owns all or substantially all of the assets of the Corporation immediately following such transaction or series of transactions.

For purposes of the definitions of Change of Control and Potential Change of Control, "Affiliate" shall have the meaning set forth in Rule 12b-2 promulgated under Section 12 of the Exchange Act; "Beneficial Owner" shall have the meaning set forth in Rule 13d-3 under the Exchange Act; "Exchange Act" shall mean the Securities Exchange Act of 1934, as amended; and "Person" shall have the meaning given in Section 3(a)(9) of the Exchange Act, as modified and used in Sections 13(d) and 14(d) thereof, except that such term shall not include (i) the Corporation or any of its subsidiaries, (ii) a trustee or other fiduciary holding securities under an employee benefit plan of the Corporation or any of its Affiliates, (iii) an underwriter temporarily holding securities pursuant to an offering of such securities, (iv) a corporation owned, directly or indirectly, by the shareholders of the Corporation in substantially the same proportions as their ownership of stock of the Corporation or (v) any individual, entity or group which is permitted to, and actually does, report its Beneficial Ownership on Schedule 13G (or any successor schedule); provided that if any such individual, entity or group subsequently becomes required to or does report its Beneficial Ownership on Schedule 13D (or any successor schedule), such individual, entity or group shall be deemed to be a Person for purposes hereof on the first date on which such individual, entity or group becomes required to or does so report Beneficial Ownership of all of the voting securities of the Corporation Beneficially Owned by it on such date.

17.2 Payments. Upon the occurrence of a Change of Control, and notwithstanding Section 7,

(a) payment of a Participant's Cash Account balance and Matching Account balance (if any, and then only to the extent not then maintained in Share Units) shall be made immediately in cash in a lump sum;

(b) all Share Units credited to a Participant's Share Account and Matching Account (if any) shall be converted into an amount equal to the number of Share Units multiplied by the Fair Market Value, which amount shall be (i) paid as soon as possible to such Participant and (ii) denominated in (A) such form of consideration as the Participant would have received had the Participant been the owner of record of such shares of Common Stock at the time of such Change of Control, in the case of a "Change of Control With Consideration" or (B) cash, in the case of a "Change of Control Without Consideration". For purposes of this Section 17.2(b), (I) "Change of Control With Consideration" shall mean a Change of Control in which shares of Common Stock are exchanged or surrendered for shares, cash or other property and (II) "Change of Control Without Consideration" shall mean a Change of Control pursuant to which shares of Common Stock are not exchanged or surrendered for shares, cash or other property.

Section 18. Rating Event

18.1 Rating Event. The term "Rating Event" means the date on which the Corporation's debt rating drops below an Investment Grade Rating. "Investment Grade Rating" means a rating at or above Baa3 by Moody's Investors Services, Inc. (or its successors) or a rating at or above BBB by Standard & Poor's Corporation (or its successors). Only one such rating at the required level is necessary for the Corporation to have an Investment Grade Rating for purposes of this Section. If either or both of these ratings cease to be available then an equivalent rating from a nationally prominent rating agency shall be substituted by the Corporation.

18.2 Payment. Upon the occurrence of a Rating Event, and notwithstanding Section 7:

(a) a Participant's Cash Account balance and Matching Account balance (if any, and then only to the extent not then maintained in Share Units) shall be paid immediately in cash in a lump sum; and

(b) payments in respect of a Share Account balance shall be made immediately by converting Share Units into Common Stock on a one-for-one basis, with payment of fractional shares to be made in cash based upon the Fair Market Value on the last trading business day immediately preceding the date of payment; provided, however, that at the election of a Participant, made by written notice to the Corporation prior to delivery of such Common Stock, payments in respect of a Share Account may be made solely in cash in an amount equal to the number of Share Units then payable multiplied by the Fair Market Value on the last trading business day immediately preceding the date of payment; and

(c) payments in respect of a Matching Account balance (if any, and then only to the extent then maintained in Share Units) shall be made immediately by converting

Share Units into Common Stock on a one-for-one basis, with payment of fractional shares to be made in cash based upon the Fair Market Value on the last trading business day immediately preceding the date of payment; provided, however, that at the election of the Participant, made by written notice to the Corporation prior to delivery of such Common Stock, payments in respect of a Matching Account may be made solely in cash in an amount equal to the number of Share Units then payable multiplied by the Fair Market Value on the last trading business day immediately preceding the date of payment.

(d) In addition to payment of the Participant's Cash Account balance as described above, the Corporation shall pay the Participant an amount equal to the interest that would have been earned on the Accelerated Tax Amount from the date of the Rating Event to the date payment of the deferred amounts was then scheduled to commence, calculated at the interest rate determined under Section 6.2, compounded monthly, which interest amount shall then be discounted to the date of payment at a discount rate equal to the rate determined under Section 6.2. The "Accelerated Tax Amount" means the Participant's Cash Account balance multiplied by the Assumed Tax Rate. The "Assumed Tax Rate" means a percentage which reflects the highest stated federal and state income tax rates imposed on residents of Wisconsin after giving effect to the deductibility of state income taxes.

18.3 Revocation of Election. Upon the occurrence of a Rating Event all deferral elections made prior thereto are revoked.

EXHIBIT 10(b)

Snap-on Incorporated

2003 Executive Management Incentive Program

Administrative Guidelines

Snap-on Incorporated

2003 Executive Management Incentive Program

The Snap-on Incorporated 2003 Executive Management Incentive Program ("Executive MIP") focuses Participants on financial and operational performance, providing Participants with incentives to deliver results by providing the opportunity to receive monetary payments based on Company, group, and/or business unit performance.

The financial attainment levels set forth are part of the Executive MIP guidelines, intended to be motivational and not intended to predict actual Company results. Each Participant is responsible for treating Executive MIP guidelines in accordance with Company policies, practices and procedures including those applicable to confidential information.

ADMINISTRATION

Executive MIP awards are granted under the 2001 Incentive Stock and Awards Plan ("Plan"). The Executive MIP will be administered under the provisions of the Plan and as further specified under the guidelines contained in this document. All capitalized terms contained within this document shall have the definitions given in Section 14 of the Plan, with the addition of the terms defined at the end of this document.

PARTICIPATION

Participants for the Executive MIP will be named by the Committee for each Program Year. Participants for the Executive MIP will be the Chief Executive Officer and other executive officers of Snap-on Incorporated designated by the Committee as to whom the Committee determines that incentive compensation payable to the executive officer would otherwise be subject to the limitations set forth in Section 162(m) of the Code.

PROGRAM ELEMENTS

Executive MIP awards will be based on financial and operational performance at the Company, group and/or business unit level. The relative weighting of performance at each of those organizational levels will be approved by the Committee and, in the case of the Chief Executive Officer, by the Board of Directors based on each Participant's ability to influence Company, group, and business unit performance.

Specific objectives for each Participant will be determined by the Committee and, in the case of the Chief Executive Officer, by the Board of Directors set forth in an appendix hereto for the Program Year and communicated to each Participant through a separate communication document.

AWARD OPPORTUNITIES

A target Executive MIP award opportunity (expressed as a percentage of Base Salary) will be established for each Participant. The dollar value calculated as the target percentage multiplied by the Participant's Base Salary will be deemed the Participant's target Executive MIP award opportunity value.

Opportunity levels will also be established for each Participant as follows:

(1) Threshold opportunity - 25% of the target opportunity
(2) Target opportunity - 100% of the opportunity established at the beginning of the Program Year
(3) Outstanding opportunity - 200% of the target opportunity

The payout will be 0% of the target opportunity for performance below threshold.

The Committee and, in the case of the Chief Executive Officer, the Board of Directors will approve target Executive MIP awards for each Participant as outlined above. Each Program Year, actual Executive MIP awards will be based on results relative to the objectives approved by the Committee and, in the case of the Chief Executive Officer, by the Board of Directors. Actual Executive MIP awards will be interpolated for performance between opportunity levels.

The Committee will have discretion to adjust Executive MIP award amounts downward for any Participant in accordance with Section 162(m) of the Internal Revenue Code. However, the Committee has no discretion to increase the amount of compensation payable that would otherwise be due based on actual performance.

PERFORMANCE MEASURES

Specific financial and operational performance measures shall be defined for each Participant by the Committee and, in the case of the Chief Executive Officer, by the Board of Directors and set forth in an appendix hereto for the Program Year.

PERFORMANCE OBJECTIVES

The Committee and, in the case of the Chief Executive Officer, the Board of Directors will be responsible for approving all financial and operational performance objectives for each Program Year. The objectives will be based on factors determined by the Committee and, in the case of the Chief Executive Officer, by the Board of Directors.

Three levels of performance objectives will be defined for each financial or operational performance measure:

(1) Threshold objective - The minimum level of performance for which an Executive MIP award will be earned will be established as the threshold objective. Achieving the threshold objective will yield the threshold opportunity level.
(2) Target objective - The expected level of performance will be established as the target objective. Achieving the target objective will yield the target opportunity level.
(3) Outstanding objective - An outstanding level of performance will be established as the outstanding objective. Achieving the outstanding objective will yield the outstanding opportunity level.

Executive MIP awards will be interpolated for performance between opportunity levels.

ADJUSTMENTS TO PERFORMANCE OBJECTIVES

Except to the extent that doing so would cause an Executive MIP award to fail to qualify for the performance-based exception under Section 162(m) of the Internal Revenue Code, the threshold, target and outstanding objectives will be adjusted upward or downward as appropriate to eliminate the effects of acquisitions and divestitures, subject to the limitations set forth in any appendix hereto.

CALCULATION OF AWARDS

Financial and operational performance will be evaluated and approved by the Committee and, in the case of the Chief Executive Officer, by the Board of Directors relative to the objectives approved by the Committee for each Participant and, in the case of the Chief Executive Officer, by the Board of Directors. The corresponding percentage will be applied to the portion of the Participant's target Executive MIP award that is based on each measure of financial and operational performance.

The total Executive MIP award earned for the Program Year will be the sum of the amounts earned through each measure of financial and operational performance.

DISTRIBUTION OF AWARDS

The Executive MIP award earned for the Program Year will be distributed by April 30 following the end of the Program Year. All Executive MIP awards will be distributed in cash, although participants in the Snap-on Incorporated Deferred Compensation Plan who have made a timely election under that plan to defer receipt of all or a portion of their earned Executive MIP award will have the payment of same deferred amount in accordance with their prior election.

FORFEITURE OF AWARDS

Nothing in the Executive MIP will affect the Chief Executive Officer's rights under the Employment Agreement between the Chief Executive Officer and Snap-on Incorporated, dated as of April 27, 2001, as such agreement may be amended from time to time (the "Employment Agreement") as it relates to his rights upon termination of employment. In addition,

nothing in the Executive MIP will affect the Chief Executive Officer's right to receive the Severance Payments, as defined in Section 5(a)(ii) of the Employment Agreement.

Forfeiture of a Participant's unearned Executive MIP award may or may not occur upon termination of employment as follows:

Forfeiture will not occur as a result of death or termination due to disability or retirement, or any other termination of employment that would entitle the Chief Executive Officer to the Accrued Obligations (as the Employment Agreement defines any such terms). In any such event, a Participant's Executive MIP award will be payable based on actual performance relative to objectives over the full Program Year, pro-rated for the number of whole months of the Program Year that elapsed before the termination of the Participant's employment.

Forfeiture will occur as a result of any other termination of employment without regard to the reason unless the Committee decides otherwise in its discretion in special circumstances. Absence of a Participant on approved leave will not be considered a termination of employment during the period of such leave.

Whether or not a divestiture of a subsidiary, division or other business unit (including through the formation of a joint venture) results in termination of employment with the Company and its subsidiaries will be at the discretion of Committee, which discretion the Committee may exercise on a case by case basis.

NEW HIRE/CHANGE OF RESPONSIBILITY/LEAVE OF ABSENCE

At their discretion, the Committee may apply the foregoing terms, including without limitation the performance objectives, to Executive MIP awards to persons such as new employees or those undergoing a change of responsibility during a Program Year.

For new employees, target Executive MIP award opportunity will be based on the Participant's Base Salary, pro-rated based on the number of whole months of the Program Year during which the employee was a Participant.

If a Participant is employed in multiple positions during a Program Year (i.e. change of responsibility), the Participant's Executive MIP award will be pro-rated as of the first of the month in which the event occurs in accordance with actual time and performance results in each position.

Participants who incur a paid or unpaid leave of absence during the Program Year will not receive credit for Executive MIP award purposes for the time representing the leave. Exceptions, if any, must be approved by the Committee.

2003 Executive MIP Definitions

All capitalized terms contained within this document shall have the definitions give in Section 14 of the 2001 Incentive Stock and Awards Plan, with the addition of the following terms not contained therein:

(1) Base Salary - a Participant's regular wages earned before deferrals for the Program Year.

(2) Program Year - the fiscal year of Snap-on Incorporated.

EXHIBIT 10(c)

Snap-on Incorporated

2003 Executive Qualitative Incentive Program

Administrative Guidelines

Snap-on Incorporated

2003 Executive Qualitative Incentive Program

The Snap-on Incorporated 2003 Executive Qualitative Incentive Program ("Executive QIP") focuses Participants on key qualitative initiatives, providing Participants with the incentive to deliver results by providing the opportunity to receive monetary payments based on achievement of qualitative objectives.

ADMINISTRATION

Executive QIP awards are granted under the 2001 Incentive Stock and Awards Plan ("Plan"). The Executive QIP will be administered under the provisions of the Plan and as further specified under the guidelines contained in this document. All capitalized terms contained within this document shall have the definitions given in Section 14 of the Plan, with the addition of the terms defined at the end of this document.

PARTICIPATION

Participants for the Executive QIP will be named by the Committee for each Program Year. Participants for the Executive QIP will be the Chief Executive Officer and other executive officers of Snap-on Incorporated designated by the Committee as to whom the Committee determines that incentive compensation payable to the executive officer would otherwise be subject to the limitations set forth in Section 162(m) of the Code. It is the intent of the Committee that the Executive QIP awards will not be considered performance-based compensation under Section 162(m) of the Code. Further, the Committee will determine whether an amount is payable under an Executive QIP award without regard to whether an amount is payable to the Participant under any award to the Participant intended to constitute performance-based compensation under Section 162(m) of the Code or the amount payable under such performance-based award.

PROGRAM ELEMENTS

Executive QIP awards will be based on performance on key qualitative initiatives at the Company, group and/or business unit level. Qualitative performance goals for each Participant will be determined based on each Participant's scope and role within the Company.

Specific objectives for each Participant will be determined by the Committee and, in the case of the Chief Executive Officer, by the Board of Directors, and communicated to each Participant through a separate communication document.

AWARD OPPORTUNITIES

A target Executive QIP award opportunity (expressed as a percentage of Base Salary) will be established for each Participant. The dollar value calculated as the target percentage multiplied by the Participant's Base Salary for the Program Year will be deemed the Participant's target Executive QIP award opportunity value.

Opportunity levels will also be established for each Participant as follows:

(1) Ineffective - 0% of the target opportunity
(2) Partially Effective - 50% of the target opportunity
(3) Effective - 100% of the opportunity established at the beginning of the Program Year
(4) Highly Effective - 200% of the target opportunity

The payout will be 0% of the target opportunity for performance below Partially Effective.

The Committee and, in the case of the Chief Executive Officer, the Board of Directors, will approve target Executive QIP award opportunities for each Participant as outlined above. Each Program Year, actual Executive QIP awards will be

based on results relative to the objectives approved by the Committee and, in the case of the Chief Executive Officer, by the Board of Directors. Actual Executive QIP awards will be interpolated for performance between opportunity levels.

PERFORMANCE OBJECTIVES

All qualitative performance objectives for each Program Year will be approved by the Committee and, in the case of the Chief Executive Officer, by the Board of Directors. The objectives will be based on factors determined by the Committee and, in the case of the Chief Executive Officer, by the Board of Directors. The Committee and, in the case of the Chief Executive Officer, the Board of Directors, will approve any changes to these objectives during the Program Year.

Four levels of performance will be defined for qualitative goals as follows:

1 = Ineffective - failed to meet performance expectations
2 = Partially Effective - Performance partially met expectations
3 = Effective - Performance met or at times exceeded performance expectations
4 = Highly Effective - Substantially exceeded performance expectations

Each qualitative goal will be evaluated at the end of the year based on the above four levels. To determine the overall qualitative rating, the individual ratings will be weighted equally and averaged to get an overall rating which determines the payout percentage. If the overall rating falls between two ratings on the scale, the percentage will be interpolated.

CALCULATION OF AWARDS

Executive QIP award opportunity levels will be determined by the Committee and, in the case of the Chief Executive Officer, by the Board of Directors, based on performance relative to the qualitative objectives approved by the Committee for each Participant and, in the case of the Chief Executive Officer, by the Board of Directors.

DISTRIBUTION OF AWARDS

The Executive QIP award earned for the Program Year will be distributed by April

30 following the end of the Program Year. All Executive QIP awards will be distributed in cash, although participants in the Snap-on Incorporated Deferred Compensation Plan who have made a timely election under that plan to defer receipt of all or a portion of their earned Executive QIP award will have the payment of same deferred amount in accordance with their prior election.

FORFEITURE OF AWARDS

Nothing in the Executive QIP will affect the Chief Executive Officer's rights under the Employment Agreement between the Chief Executive Officer and Snap-on Incorporated, dated as of April 27, 2001, as such agreement may be amended from time to time (the "Employment Agreement") as it relates to his rights upon termination of employment. In addition, nothing in the Executive MIP will affect the Chief Executive Officer's right to receive the Severance Payments, as defined in Section 5(a)(ii) of the Employment Agreement.

Forfeiture of a Participant's unearned Executive QIP award may or may not occur upon termination of employment as follows:

Forfeiture will not occur as a result of death or termination due to disability or retirement, or any other termination of employment that would entitle the Chief Executive Officer to the Accrued Obligations (as the Employment Agreement defines any such terms). In any such event, a Participant's Executive QIP award will be payable based on actual performance relative to objectives over the full Program Year, pro-rated for the number of whole months of the Program Year that elapsed before the termination of the Participant's employment.

Forfeiture will occur as a result of any other termination of employment without regard to the reason unless the Committee decides otherwise in its discretion in special circumstances. Absence of a Participant on approved leave will not be considered a termination of employment during the period of such leave.

Whether or not a divestiture of a subsidiary, division or other business unit (including through the formation of a joint venture) results in termination of employment with the Company and its subsidiaries will be at the discretion of Committee, which discretion the Committee may exercise on a case by case basis.

NEW HIRE/CHANGE OF RESPONSIBILITY/LEAVE OF ABSENCE

At their discretion, the Committee may apply the foregoing terms, including without limitation the qualitative goals, to Executive QIP awards to persons such as new employees or those undergoing a change of responsibility during a Program Year.

For new employees, target Executive QIP award opportunity will be based on the Participant's Base Salary, pro-rated based on the number of whole months of the Program Year during which the employee was a Participant.

If a Participant is employed in multiple positions during a Program Year (i.e. change of responsibility), the Participant's Executive QIP award will be pro-rated as of the first of the month in which the event occurs in accordance with actual time and performance results in each position.

Participants who incur a paid or unpaid leave of absence during the Program Year will not receive credit for Executive QIP award purposes for the time representing the leave. Exceptions, if any, must be approved by the Committee.

2003 Executive QIP Definitions

All capitalized terms contained within this document shall have the definitions give in Section 14 of the 2001 Incentive Stock and Awards Plan, with the addition of the following terms not contained therein:

(1) Base Salary - a Participant's regular wages earned before deferrals for the Program Year

(2) Program Year - the fiscal year of Snap-on Incorporated.

SNAP-ON INCORPORATED

SHARE AND PERFORMANCE AWARD AGREEMENT

THIS AGREEMENT ("Agreement") is made and entered into as of March 14, 2003 by and between SNAP-ON INCORPORATED, a Delaware corporation (the "Company"), and _________, an employee of the Company or of a subsidiary of the Company (the "Key Employee").

W I T N E S S E T H :

WHEREAS, the Organization and Executive Compensation Committee of the Board of Directors of the Company (such committee, whether acting as such or through the ad hoc committee of the Board to which such committee delegated its authority in connection with this Agreement, the "Committee"), by actions of the Committee on January 24, 2003, approved the grant (the "Grant") to the Key Employee of _______ (the "Grant Number") shares of the Company's common stock ("Common Stock") and the opportunity to receive cash in respect of performance units ("Performance Units") pursuant to the Company's 2001 Incentive Stock and Awards Plan (the "Awards Plan"), to be effective March 14, 2003;

WHEREAS, in accordance with the terms of the Grant, the Key Employee elected to not defer receipt of the percentage, if any, set forth on the signature page hereto of the Grant Number (the "Share Delivery Percentage") and the percentage, if any, set forth on the signature page hereto of the cash that may be received in respect of the Performance Units subject to the Grant (the "Cash Delivery Percentage") by executing an Election to Defer Compensation (the "Deferral Election") or by choosing not to execute a Deferral Election; and

WHEREAS, the Grant contemplated that the Grant will also be subject to the terms of an award agreement, the form of which is to be determined by the Company, and this Agreement is intended to serve as the additional agreement that the Grant contemplated.

NOW, THEREFORE, in consideration of the premises and of the covenants and agreements herein set forth, the parties hereby mutually covenant and agree as follows:

1. Restricted Shares. Subject to the terms and conditions set forth herein, as of March 14, 2003, the Company hereby awards to the Key Employee a number of shares of Common Stock (the "Restricted Shares") equal to the product of the Grant Number multiplied by the Share Delivery Percentage which shall be subject to vesting and forfeiture as set forth below. Except as otherwise provided herein, no Restricted Share may be sold, transferred or otherwise alienated or hypothecated until such Restricted Share vests as provided herein.

2. Escrow.

   (a) The Company shall cause certificates for Restricted Shares to be issued as soon as practicable in the name of the Key Employee, but the Company, as escrow agent, shall hold such shares in escrow. Upon issuance of such certificates, (i) the

Company shall give the Key Employee a receipt for the Restricted Shares held in escrow which will state that the Company holds such Restricted Shares in escrow for the account of the Key Employee, subject to the terms of this Agreement, and (ii) the Key Employee shall give the Company a stock power for such Restricted Shares duly endorsed in blank which will be held in escrow for use in the event such Restricted Shares are forfeited in whole or in part.

   (b) Unless theretofore forfeited as provided herein, Restricted Shares and any other property held in escrow pursuant to this Agreement shall cease to be held in escrow, and the Company shall release such certificates for such Restricted Shares, and any related property held in escrow (without interest), to the Key Employee, or in the case of his death, to his Beneficiary (as hereinafter defined) when such Restricted Shares vest as provided herein at which time such shares shall be freely transferable by the Key Employee or his Beneficiary.

   (c) Restricted Shares and any other property held in escrow pursuant to this Agreement shall cease to be held in escrow, and the Company may assume possession thereof in its own right, when the Key Employee forfeits such Restricted Shares as provided herein.

3. Vesting and Forfeiture Based on Performance. Subject to the terms and conditions set forth herein,

   (a) Vesting of the Restricted Shares and payment in respect of Performance Units is dependent upon performance relative to revenue growth and RONAEBIT goals during fiscal 2003, fiscal 2004 and fiscal 2005. The threshold, target and maximum goals for revenue growth and RONAEBIT during fiscal 2003, fiscal 2004 and fiscal 2005 are as shown on Exhibit 1, and the Restricted Shares will vest, and the Performance Units will be earned, in accordance with the vesting matrix attached hereto as Exhibit 1 based on actual performance of the Company relative to the goals subject to the terms attached hereto as Exhibit 2. As soon as practicable after the Company's audited financial statements for fiscal 2003, fiscal 2004 and fiscal 2005 are available to the Committee, the Committee shall calculate the Company's revenue growth and RONAEBIT data for such years in accordance with the terms attached hereto as Exhibit 2. The Committee shall then plot the revenue growth and RONAEBIT data on the vesting matrix. The resulting position on the matrix shall determine the percentage of the Restricted Shares that will vest and the number of Performance Units that the Key Employee will earn as set forth below. In the course of calculating the Company's revenue growth and RONAEBIT data and plotting the revenue growth and RONAEBIT data on the vesting matrix, the Committee shall have the discretion to take action in light of the effects of Special Charges (as defined on Exhibit 1) that reduces the resulting percentage in such manner and to such extent as the Committee determines in its sole discretion. However, the Committee shall have no discretion to take into account the effects of Special Charges in a manner that increases the resulting percentage. The Company shall promptly communicate this information to the Key Employee.

   (b) Unless the Key Employee has previously forfeited such Restricted Shares, if the position on the matrix reflects a percentage greater than zero and less than or equal to 100%, then the number of Restricted Shares that shall vest shall be equal to the product of such percentage, the Grant Number and the Share Delivery Percentage, and if the position on the matrix reflects a percentage greater than 100%, then the number of Restricted Shares that shall vest shall be equal to the product of the Grant Number and the Share Delivery Percentage. Upon the Committee's determination as provided above, the Key Employee will forfeit the Restricted Shares that do not vest.

   (c) Unless the Key Employee has previously forfeited the right to earn Performance Units, if the position on the matrix reflects a percentage greater than 100%, then the Key Employee will receive cash in respect of a number of Performance Units equal to the product of the percentage in excess of 100%, but not greater than 50%, multiplied by the Grant Number and multiplied by the Cash Delivery Percentage. The amount of the cash payment for each Performance Unit will be the fair market value of a share of the Company's common stock on March 14, 2003.

4. Forfeiture Based on Employment Status. Subject to the terms and conditions set forth herein,

   (a) In addition to any rights of the Company under Section 5, the Key Employee will forfeit any Restricted Shares or any rights associated with Performance Units as to which the Committee has not made its vesting determination under Section 3 and not otherwise vested under Section 6 if the Key Employee's employment with the Company or its subsidiaries is terminated for any reason prior to such determination unless in the case of termination by the Company or a subsidiary the Committee determines, on such terms and conditions, if any, as the Committee may impose, that there may nonetheless be vesting of all or a portion of the award at the time of such determination or at any other time. Absence of the Key Employee on leave approved by a duly elected officer of the Company, other than the Key Employee, shall not be considered a termination of employment during the period of such leave.

(b) Notwithstanding the foregoing, in the case of termination of employment as a result of death, Disability (as defined below) or Retirement (as defined below), the Share Delivery Percentage of the Grant will vest, and the Key Employee's entitlement to cash in respect of Performance Units will be determined, based upon the Company's actual performance relative to the revenue growth and RONAEBIT goals over the full performance period, but in lieu of the amounts under Section 3(b) and (c), the respective amounts, if any, determined under those subsections shall be reduced by multiplying such amounts by a fraction representing the portion of the two-year period that elapsed before the termination of the Key Employee's employment.

(c) Whether or not a divestiture of a subsidiary, division or other business unit (including through the formation of a joint venture) results in termination of employment with the Company and its subsidiaries will be at the discretion of the Committee, which discretion the Committee may exercise on a case by case basis.

(d) As used herein,

(i) "Disability" means a medically-determinable physical or mental condition that is expected to be permanent and that results in the Key Employee being unable to perform one or more of the essential duties of the Key Employee's occupation or a reasonable alternative offered by the Company or its subsidiaries, all as determined by the Committee or any successor to such committee that administers the Awards Plan (as the same may be amended).

(ii) "Retirement" means termination of employment from the Company and its subsidiaries on or after satisfying the early or normal retirement age and service conditions specified in the retirement policy or retirement plan of the Company or one of its subsidiaries applicable to such Key Employee as in effect at the time of such termination.

5. Detrimental Activity.

(a) Activity During Employment. If, prior to termination of the Key Employee's employment with the Company or during the one-year period following termination of the Key Employee's employment with the Company, the Company becomes aware that, prior to termination, the Key Employee had engaged in detrimental activity, then the Committee in its sole discretion, for purposes of this Agreement, may characterize or recharacterize termination of the Key Employee's employment as a termination to which this Section 5 applies and may determine or redetermine the date of such termination, and the Key Employee's rights with respect to the Grant shall be determined in accordance with the Committee's determination.

(b) Activity Following Termination. If, within the three-month period following the Key Employee's termination of employment with the Company, the Company becomes aware that the Key Employee has engaged in detrimental activity subsequent to termination, then the Key Employee's rights with respect to the Grant shall be determined in accordance with any determination by the Committee under this Section 5.

(c) Remedies. If the Key Employee has engaged in detrimental activity as described in subsections (a) and (b), then the Committee may, in its discretion, declare that the Key Employee has forfeited the Grant in whole or in part and cause the Company to assume possession of any or all property held in escrow in respect of the Grant in its own right and/or cause the Key Employee to return any cash or property actually realized by the Key Employee (directly or indirectly) in respect

of the Grant, in each case whether or not the Committee has made a vesting determination under Section 3 in respect thereof before or after the date the Key Employee engaged in the detrimental activity or before or after the date of termination as determined or redetermined under subsection (a).

(d) Allegations of Activity. If an allegation of detrimental activity by the Key Employee is made to the Committee, then the Committee may suspend the Key Employee's rights in respect of the Grant to permit the investigation of such allegation.

(e) Definition of "Detrimental Activity." For purposes of this Agreement, "detrimental activity" means activity that is determined by the Committee in its sole discretion to be detrimental to the interests of the Company or any of its subsidiaries, including but not limited to situations where the Key Employee (i) divulges trade secrets of the Company, proprietary data or other confidential information relating to the Company or to the business of the Company or any subsidiaries, (ii) enters into employment with a competitor under circumstances suggesting that the Key Employee will be using unique or special knowledge gained as an employee of the Company to compete with the Company, (iii) uses information obtained during the course of his prior employment with the Company for his own purposes, such as for the solicitation of business and competition with the Company, (iv) is determined to have engaged (whether or not prior to termination due to retirement) in either gross misconduct or criminal activity harmful to the Company, or (v) takes any action that harms the business interests, reputation or goodwill of the Company and/or its subsidiaries.

6. Change in Control. In the event of a "Change of Control" (as defined in the Awards Plan) prior to the Committee's determination under Section 3(a),

(a) Any unvested Restricted Shares shall be treated as provided in the Awards Plan, unless the Key Employee has previously forfeited such Restricted Shares; and

(b) Notwithstanding their treatment under the terms of the Awards Plan, the Company will immediately make payment in respect of the number of Performance Units multiplied by the Cash Delivery Percentage assuming performance at maximum levels for the entire period.

7. Voting Rights; Dividends and Other Distributions.

(a) While the Restricted Shares are subject to restrictions under Section 1 and prior to any forfeiture thereof, the Key Employee may exercise full voting rights for the Restricted Shares registered in his name and held in escrow hereunder.

(b) A Key Employee shall have no voting rights with respect to the Performance Units.

(c) While the Restricted Shares are subject to the restrictions under Section 1 and prior to any forfeiture thereof, all dividends and other distributions paid with

respect to the Restricted Shares shall be held in escrow pursuant to Section 2 and shall be subject to the same restrictions as the Restricted Shares with respect to which they were paid.

(d) There shall be no dividend right associated with the Performance Units.

(e) Subject to the provisions of this Agreement, the Key Employee shall have, with respect to the Restricted Shares, all other rights of holders of Common Stock.

8. Tax Withholding; Repurchase.

(a) It shall be a condition of the obligation of the Company to issue or release from escrow Restricted Shares to the Key Employee or the Beneficiary, and the Key Employee agrees, that the Key Employee shall pay to the Company, upon its demand, such amount as may be requested by the Company for the purpose of satisfying its liability to withhold federal, state, or local income or other taxes incurred by reason of the award or as a result of the vesting hereunder or shall provide evidence satisfactory to the Company that the Company has no liability to withhold. The Company may withhold from cash payable in respect of Performance Units such amount as may be determined by the Company for the purpose of satisfying its liability to withhold federal, state, or local income or other taxes incurred by reason of such payment.

(b) At each time the Company is obligated to issue or release from escrow Restricted Shares to the Key Employee or the Beneficiary, the Key Employee or the Beneficiary, as the case may be, may elect to have the Company repurchase up to 40% of the Restricted Shares to be so issued or released at a price equal to the Fair Market Value (as defined below) on the Tax Date (as defined below). The election must be delivered to the Company within 30 days after the Tax Date. If the number of shares so determined shall include a fractional share, then the Company shall not be obligated to repurchase such fractional share. All elections shall be made in a form acceptable to the Company. As used herein, (i) "Tax Date" means the date on which the Key Employee must include in his gross income tax purposes the fair market value of the Restricted Shares and (ii) "Fair Market Value" means the per share closing price on the date in question in the principal market in which the Common Stock is then traded or, if no sales of Common Stock have taken place on such date, the closing price on the most recent date on which selling prices were quoted.

9. Beneficiary.

(a) The person whose name appears on the signature page hereof after the caption "Beneficiary" or any successor that the Key Employee designates in accordance herewith (the person who is the Key Employee's Beneficiary at the time of his death herein referred to as the "Beneficiary") shall be entitled to receive the Restricted Shares that vest and the Performance Units that are earned following the death of the Key Employee. The Key Employee may from time to time

revoke or change his Beneficiary without the consent of any prior Beneficiary by filing a new designation with the Committee. The last such designation that the Committee receives shall be controlling; provided, however, that no designation, or change or revocation thereof, shall be effective unless received by the Committee prior to the Key Employee's death, and in no event shall any designation be effective as of a date prior to such receipt.

(b) If no such Beneficiary designation is in effect at the time of the Key Employee's death, or if no designated Beneficiary survives the Key Employee or if such designation conflicts with law, then the Key Employee's estate shall be entitled to receive the Restricted Shares that vest and the Performance Units that are earned following the death of the Key Employee. If the Committee is in doubt as to the right of any person to receive such Restricted Shares and/or Performance Units, then the Company may retain such Restricted Shares and the cash payment associated with the Performance Units, without liability for any interest thereon, until the Committee determines the person entitled thereto, or the Company may deliver such Restricted Shares and the cash payment associated with the Performance Units to any court of appropriate jurisdiction, and such delivery shall be a complete discharge of the liability of the Company therefor.

10. Adjustments in Event of Change in Stock. In the event of any reclassification, subdivision or combination of shares of Common Stock, merger or consolidation of the Company or sale by the Company of all or a portion of its assets, or other event which could, in the judgment of the Committee, distort the implementation of the Grant or the realization of its objectives, the Committee may make such adjustments in the Grant Number and the number of Restricted Shares under this Agreement, or in the terms, conditions or restrictions of this Agreement, as the Committee deems equitable; provided that in the absence of express action by the Committee, adjustments that apply generally to Restricted Shares granted under the Awards Plan shall apply automatically to the Restricted Shares under this Agreement.

11. Powers of the Company Not Affected. The existence of the Grant shall not affect in any way the right or power of the Company or its stockholders to make or authorize any combination, subdivision or reclassification of the Common Stock or any reorganization, merger, consolidation, business combination, exchange of shares, or other change in the Company's capital structure or its business, or any issue of bonds, debentures or stock having rights or preferences equal, superior or affecting the Common Stock or the rights thereof, or dissolution or liquidation of the Company, or any sale or transfer of all or any part of its assets or business, or any other corporate act or proceeding, whether of a similar character or otherwise. Nothing in this Agreement shall confer upon the Key Employee any right to continue in the employment of the Company or interfere with or limit in any way the right of the Company to terminate the Key Employee's employment at any time.

12. Certificate Legend. Each certificate for Restricted Shares shall bear the following legend:

> The sale or other transfer of the shares of stock represented by this certificate, whether voluntary, or by operation of law, is subject to certain restrictions set forth in the Restricted Stock Award Agreement between Snap-on Incorporated and the registered owner hereof. A copy of such Agreement may be obtained from the Secretary of Snap-on Incorporated.

When the restrictions imposed by Section 1 terminate, the Key Employee shall be entitled to have the foregoing legend removed from the certificates representing such Restricted Shares.

13. Interpretation by Committee. The Key Employee agrees that any dispute or disagreement that may arise in connection with this Agreement shall be resolved by the Committee, in its sole discretion, and that any interpretation by the Committee of the terms of this Agreement or the Awards Plan and any determination made by the Committee under this Agreement or such plan may be made in the sole discretion of the Committee and shall be final, binding, and conclusive.

14. Miscellaneous.

    (a) This Agreement shall be governed and construed in accordance with the laws of the State of Wisconsin applicable to contracts made and to be performed therein between residents thereof.

    (b) This Agreement may not be amended or modified except by the written consent of the parties hereto.

    (c) The captions of this Agreement are inserted for convenience of reference only and shall not be taken into account in construing this Agreement.

    (d) Any notice, filing or delivery hereunder or with respect to the Grant shall be given to the Key Employee at either his usual work location or his home address as indicated in the records of the Company, and shall be given to the Committee or the Company at 10801 Corporate Drive, Kenosha, Wisconsin 53142, Attention: Secretary. All such notices shall be given by first class mail, postage pre-paid, or by personal delivery.

    (e) This Agreement shall be binding upon and inure to the benefit of the Company and its successors and assigns and shall be binding upon and inure to the benefit of the Key Employee, the Beneficiary and the personal representative(s) and heirs of the Key Employee, except that the Key Employee may not transfer any interest in any Restricted Shares prior to the release of the restrictions imposed by Section 1.

IN WITNESS WHEREOF, the Company has caused this instrument to be executed by its duly authorized officer, and the Key Employee has hereunto affixed his hand, all on the day and year set forth above.

SNAP-ON INCORPORATED

By: ______________________________________

Title:

Key Employee:

____

Beneficiary: ____________________________

Address of Beneficiary:

____

____

Beneficiary Tax Identification

No. _____________________________________

Share Delivery Percentage: ______________

Cash Delivery Percentage: _______________

Exhibit 2

1. "RONAEBIT" for purposes of the vesting matrix means a fraction expressed as a percentage where (i) the numerator is earnings from continuing operations before income taxes (including net finance income) plus interest expense less other income (expense) - net (i.e., less other income plus other expense) plus Special Charges (as defined below) and (ii) the denominator is average net assets employed. "Net assets employed" means total assets minus cash and cash equivalents and minus all liabilities excluding short-term and long-term debt. "Average net assets employed" for a period means the average of net assets employed at the end of the immediately preceding fiscal period and at the end of each fiscal month during the period as reflected in the Company's final consolidated balance sheet for the month that is prepared as part of the financial statements used in the preparation of the Company's externally reported financial statements.

2. RONAEBIT for purposes of the vesting matrix will be calculated based upon the amount described in (a)(i) for the period consisting of fiscal 2003, fiscal 2004 and fiscal 2005 and average net assets employed for the same period.

3. Revenue growth for purposes of the vesting matrix will be calculated by comparing the Company's consolidated net sales for fiscal 2005 with the net sales amounts set forth on the matrix.

4. The amount of each component of a calculation will be determined by reference to the Company's audited financial statements for the year(s) in question or the notes thereto to the extent reflected therein and, if not

reflected therein, by reference to the Company's unaudited financial statements or the notes thereto contained in the Company's periodic reports filed with the Securities and Exchange Commission to the extent reflected therein and, if not reflected therein, by reference to the Company's publicly disclosed earnings release for the relevant period and, if not reflected therein, by reference to the Company's final consolidated balance sheet for the month that is prepared as part of the financial statements used in the preparation of the Company's externally reported financial statements.

5. There is graduated, proportionate vesting between points on the matrix.

6. Except to the extent that considering any such charge would cause an award to fail to qualify for the performance-based exception under Section 162(m) of the Internal Revenue Code and except to the extent that the committee of the Board that the Board has established to assist in the administration of the Plan (the "Ad Hoc Committee") in its sole discretion determines that a charge or other expense that would otherwise qualify as a Special Charge shall not be considered a Special Charge, "Special Charges" consist of restructuring reserve charges, non-recurring charges and non-comparable charges. Restructuring reserve charges include those costs that can be accrued in accordance with GAAP at the time a restructuring plan is adopted. Non-recurring charges consist of restructuring related charges such as the write-off of inventory or transition costs that are incurred as a result of a restructuring plan and will benefit future operations, as well as non-restructuring related charges that are considered non-recurring in nature. Non-comparable charges consist of costs that do not qualify for restructuring reserve or non-recurring charge treatment but are considered one-time, unusual

charges and are reflected as such in the Company's publicly disclosed earnings release for the relevant period. To the extent terms used above have meanings under U.S. GAAP, such meanings shall control.

7. Except to the extent that doing so would cause an award to fail to qualify for the performance-based exception under Section 162(m) of the Internal Revenue Code, the threshold, target and maximum goals for revenue growth and RONAEBIT will be adjusted upward or downward as appropriate to eliminate the effects of acquisitions and divestitures subject to the following.

   (a) There will be adjustments only where there is an acquisition or divestiture (or a combination of multiple acquisitions or divestitures) of a subsidiary, division or other business unit that had revenues during its last full fiscal year equal to 1% or more of the Company's budgeted consolidated net sales during the year the acquisition or divestiture occurs as reflected in the Company's overall final budget as of the commencement of the year as presented to the Company's Board of Directors at its January meeting (the "Final Budget").

   (b) Adjustments to Revenue Goals. If an acquisition occurs in 2003 or 2004, then the Ad Hoc Committee will adjust the net sales amounts set forth on the vesting matrix upward by an amount that is at least equal to the projected revenue for the acquired business in 2005 as reflected in the financial projections for the acquired business used as the basis for approval of the Company's acquisition purchase price decision by the Company's Board of Directors or the highest authority within the Company approving that decision (the "Pricing Projections"). If an acquisition occurs in 2005, then the Ad Hoc Committee will adjust the net sales amounts set forth on the vesting matrix upward by an amount that is at least equal to the projected revenue for the acquired business in 2005, as reflected in the Pricing Projections for the acquired business, multiplied by a fraction representing the portion of fiscal 2005 occurring after the acquisition. If a divestiture occurs in 2003 or 2004, then the Ad Hoc Committee will adjust the net sales amounts set forth on the vesting matrix downward by an amount that is no greater than the budgeted revenue for the divested business in 2005 as reflected in the Final Budget as of the commencement of fiscal year in which the divestiture occurred. If a divestiture occurs in 2005, then the Ad Hoc Committee will adjust the net sales amounts set forth on the vesting matrix downward on a pro rata basis by an amount that is no greater than the budgeted revenue for the divested business in 2005, as reflected in the Final Budget as of the commencement of fiscal 2005, multiplied by a fraction representing the portion of fiscal 2005 occurring after the divestiture.

(c) Adjustments to RONAEBIT Goals. If there is an acquisition or divestiture, then the RONAEBIT percentages on the vesting matrix will be recalculated by dividing the adjusted EBIT by the adjusted net assets (on an annualized basis). The Company's unadjusted EBIT will be estimated as an amount equal to the product obtained by multiplying the net assets as of the close of fiscal 2002 by the RONAEBIT percentage on the vesting matrix.

For an acquisition, the Company's unadjusted EBIT will be adjusted upward by an amount determined by the Ad Hoc Committee that is at least equal to the projected EBIT for the acquired business for the remaining term of the plan cycle, as reflected in the Pricing Projections for the acquired business, divided by the total number of years in the plan cycle. For an acquisition, the Company's net assets as of the close of fiscal 2002 will be adjusted upward by an amount determined by the Ad Hoc Committee that is no greater than the projected average net assets of the acquired business for the remaining term of the plan cycle, as reflected in the Pricing Projections for the acquired business, multiplied by the number of months remaining in the plan cycle and divided by the total number of months in the plan cycle.

For a divestiture, the Company's unadjusted EBIT will be adjusted downward by an amount determined by the Ad Hoc Committee that is no greater than the budgeted EBIT for the divested business for the year in which the divestiture occurs as reflected in the Final Budget as of the commencement of such year multiplied by the number of months remaining in the plan cycle divided by the total number of months in the plan cycle. For a divestiture, the Company's net assets as of the close of fiscal 2002 will be adjusted downward by an amount determined by the Ad Hoc Committee that is at least equal to the budgeted net assets for the divested business for the year in which the divestiture occurs as reflected in the Final Budget as of the commencement of such year multiplied by the number of months remaining in the plan cycle divided by the total number of months in the plan cycle.

SNAP-ON INCORPORATED

DEFERRED SHARE AND PERFORMANCE AWARD AGREEMENT

THIS AGREEMENT ("Agreement") is made and entered into as of March 14, 2003 by and between SNAP-ON INCORPORATED, a Delaware corporation (the "Company"), and _________, an employee of the Company or a subsidiary of the Company (the "Key Employee").

W I T N E S S E T H :

WHEREAS, the Organization and Executive Compensation Committee of the Board of Directors of the Company (such committee, whether acting as such or through the ad hoc committee of the Board to which such committee delegated its authority in connection with this Agreement, the "Committee"), by actions of the Committee on January 24, 2003, approved the grant (the "Grant") to the Key Employee of _____ (the "Grant Number") shares of the Company's common stock ("Common Stock") and the opportunity to receive cash in respect of performance units ("Performance Units") pursuant to the Company's 2001 Incentive Stock and Awards Plan (the "Awards Plan"), to be effective March 14, 2003;

WHEREAS, in accordance with the terms of the Grant, the Key Employee elected to defer receipt of the percentage set forth on the signature page hereto of the Grant Number (the "Share Deferral Percentage") and the percentage set forth on the signature page hereto of the cash that may be received in respect of the Performance Units subject to the Grant (the "Cash Deferral Percentage") by executing an Election to Defer Compensation (the "Deferral Election") prior to the Grant's effective date, which the Company countersigned prior to such date;

WHEREAS, the Deferral Election provides that the Grant will also be subject to the terms of a "Deferred Award Agreement," the form of which is to be determined by the Company, and this Agreement is intended to serve as the additional agreement that the Deferral Election contemplated; and

WHEREAS, the Company has in effect the Snap-on Incorporated Deferred Compensation Plan, as amended (the "Deferral Plan").

NOW, THEREFORE, in consideration of the premises and of the covenants and agreements herein set forth, the parties hereby mutually covenant and agree as follows:

1. Share Units. Subject to the terms and conditions set forth herein,

   (a) As of March 14, 2003, the Company shall establish and maintain bookkeeping accounts for the Key Employee relating to the Grant under the Deferral Plan consisting of a "Cash Account" and a "Share Account."

   (b) As of March 14, 2003, there shall be credited to the Share Account a number of Share Units (as defined in the Deferral Plan) equal to the product of the Grant Number multiplied by the Share Deferral

Percentage. From and after the time of such credit, the Key Employee shall have the rights afforded under the Deferral Plan in respect of Share Units so credited, except that such Share Units shall be subject to vesting and forfeiture as set forth below.

2. Vesting and Forfeiture Based on Performance. Subject to the terms and conditions set forth herein,

   (a) Vesting of the Share Units and payment in respect of Performance Units is dependent upon performance relative to revenue growth and RONAEBIT goals during fiscal 2003, fiscal 2004 and fiscal 2005. The threshold, target and maximum goals for revenue growth and RONAEBIT during fiscal 2003, fiscal 2004 and fiscal 2005 are as shown on Exhibit 1, and the Share Units will vest, and the Performance Units will be earned, in accordance with the vesting matrix attached hereto as Exhibit 1 based on actual performance of the Company relative to the goals subject to the terms attached hereto as Exhibit 2. As soon as practicable after the Company's audited financial statements for fiscal 2003, fiscal 2004 and fiscal 2005 are available to the Committee, the Committee shall calculate the Company's revenue growth and RONAEBIT data for such years in accordance with the terms attached hereto as Exhibit 2. The Committee shall then plot the revenue growth and RONAEBIT data on the vesting matrix. The resulting position on the matrix shall determine the percentage of the Share Units that will vest and the number of Performance Units that the Key Employee will earn as set forth below. In the course of calculating the Company's revenue growth and RONAEBIT data and plotting the revenue growth and RONAEBIT data on the vesting matrix, the Committee shall have the discretion to take action in light of the effects of Special Charges (as defined on Exhibit 1) that reduces the resulting percentage in such manner and to such extent as the Committee determines in its sole discretion. However, the Committee shall have no discretion to take into account the effects of Special Charges in a manner that increases the resulting percentage. The Company shall promptly communicate this information to the Key Employee.

   (b) Unless the Key Employee has previously forfeited such Share Units, if the position on the matrix reflects a percentage greater than zero and less than or equal to 100%, then the number of Share Units that shall vest shall be equal to the product of such percentage, the Grant Number and the Share Deferral Percentage, and if the position on the matrix reflects a percentage greater than 100%, then the number of Share Units that shall vest shall be equal to the product of the Grant Number and the Share Deferral Percentage. Upon the Committee's determination as provided above, the Key Employee will forfeit Share Units in an amount equal to that portion of the product of the Grant Number and the Share Deferral Percentage that does not vest.

(c) Unless the Key Employee has previously forfeited the right to earn Performance Units, if the position on the matrix reflects a percentage greater than 100%, then the Key Employee will receive a credit to the Cash Account, pursuant to Section 6.1(a) of the Deferral Plan, in respect of a number of Performance Units equal to the product of the percentage in excess of 100%, but not greater than 50%,

multiplied by the Grant Number and multiplied by the Cash Deferral Percentage. The amount of the credit to the Cash Account for each Performance Unit will be the fair market value of a share of the Company's common stock on March 14, 2003.

3. Forfeiture Based on Employment Status. Subject to the terms and conditions set forth herein,

(a) In addition to any rights of the Company under Section 9, the Key Employee will forfeit any Share Units or any rights associated with the Performance Units as to which the Committee has not made its vesting determination under Section 2 and not otherwise vested under Section 11 if the Key Employee's employment with the Company or its subsidiaries is terminated for any reason prior to such determination unless in the case of termination by the Company or a subsidiary the Committee determines, on such terms and conditions, if any, as the Committee may impose, that there may nonetheless be vesting of all or a portion of the award at the time of such determination or at any other time. Absence of the Key Employee on leave approved by a duly elected officer of the Company, other than the Key Employee, shall not be considered a termination of employment during the period of such leave.

(b) Notwithstanding the foregoing, in the case of termination of employment as a result of death, Disability (as defined below) or Retirement (as defined below), the Share Deferral Percentage of the Grant will vest, and the Key Employee's entitlement to receive a credit to the Cash Account in respect of Performance Units will be determined, based upon the Company's actual performance relative to the revenue growth and RONAEBIT goals over the full performance period, but in lieu of the amounts under Section 2(b) and (c), the respective amounts, if any, determined under those subsections shall be reduced by multiplying such amounts by a fraction representing the portion of the two-year period that elapsed before the termination of the Key Employee's employment.

(c) Whether or not a divestiture of a subsidiary, division or other business unit (including through the formation of a joint venture) results in termination of employment with the Company and its subsidiaries will be at the discretion of the Committee, which discretion the Committee may exercise on a case by case basis.

(d) As used herein,

(i) "Disability" means a medically-determinable physical or mental condition that is expected to be permanent and that results in the Key Employee being unable to perform one or more of the essential duties of the Key Employee's occupation or a reasonable alternative offered by the Company or its subsidiaries, all as determined by the Committee or any successor to such committee that administers the Awards Plan (as the same may be amended).

(ii) "Retirement" means termination of employment from the Company and its subsidiaries on or after satisfying the early or normal retirement age and service conditions specified in the retirement policy or retirement plan of the Company or one of its subsidiaries applicable to such Key Employee as in effect at the time of such termination.

4. Dividends. Dividends on the Common Stock will result in a credit to the Cash Account pursuant to Section 6.4 of the Deferral Plan. However, the Key Employee will forfeit such credit and any related Growth Increments (as defined in the Deferral Plan) upon any forfeiture of the related Share Units.

5. No Conversion. While Section 6.5 of the Deferral Plan would otherwise allow the Key Employee to convert Share Units into a cash amount to be credited to the Cash Account, the Key Employee shall not have any right under Section 6.5 of the Deferral Plan to convert all or a portion of any unvested Share Units into an amount to be credited to the Cash Account. Further, while Section 6.3(a) of the Deferral Plan would otherwise allow the Key Employee to convert all or a portion of any amount credited to the Cash Account into an amount to be credited to the Share Account, the Key Employee shall not have any right under Section 6.3(a) of the Deferral Plan to convert all or a portion of any amount credited to the Cash Account in respect of unvested Share Units into an amount to be credited to the Share Account.

6. Deferral Period. The deferral period with respect to the Grant for purposes of Section 4.2 of the Deferral Plan shall extend until the payment commencement date set forth in the Deferral Election.

7. Manner of Payment. Deferred amounts shall be paid in a lump sum or in installments in accordance with the Deferral Election.

8. Changes in Deferral Period and Manner of Payment. The Key Employee may change the manner in which the deferred amount will be paid and/or delay the date such payments are to commence by written election made in accordance with the Deferral Plan.

9. Detrimental Activity.

   (a) Activity During Employment. If, prior to termination of the Key Employee's employment with the Company or during the one-year period following termination of the Key Employee's employment with the Company, the Company becomes aware that, prior to termination, the Key Employee had engaged in detrimental activity, then the Committee in its sole discretion, for purposes of this Agreement, may characterize or recharacterize termination of the Key Employee's employment as a termination to which this Section 9 applies and may determine or redetermine the date of such termination, and the Key Employee's rights with respect to the Grant shall be determined in accordance with the Committee's determination.

   (b) Activity Following Termination. If, within the three-month period following the Key Employee's termination of employment with the Company, the Company

becomes aware that the Key Employee has engaged in detrimental activity subsequent to termination, then the Key Employee's rights with respect to the Grant shall be determined in accordance with any determination by the Committee under this Section 9.

   (c) Remedies. If the Key Employee has engaged in detrimental activity as described in subsections (a) and (b), then the Committee may, in its discretion, cancel any (or all) amounts credited to the Key Employee's Share Account and/or Cash Account in respect of the Grant and/or cause the Key Employee to return any cash or property actually realized by the Key Employee (directly or indirectly) in respect of the Grant, in each case whether or not the Committee has made a vesting determination under Section 2 in respect thereof before or after the date the Key Employee engaged in the detrimental activity or before or after the date of termination as determined or redetermined under subsection (a).

   (d) Allegations of Activity. If an allegation of detrimental activity by the Key Employee is made to the Committee, then the Committee may suspend the Key Employee's rights in respect of the Grant to permit the investigation of such allegation.

(e) Definition of "Detrimental Activity." For purposes of this Agreement, "detrimental activity" means activity that is determined by the Committee in its sole discretion to be detrimental to the interests of the Company or any of its subsidiaries, including but not limited to situations where the Key Employee (i) divulges trade secrets of the Company, proprietary data or other confidential information relating to the Company or to the business of the Company or any subsidiaries, (ii) enters into employment with a competitor under circumstances suggesting that the Key Employee will be using unique or special knowledge gained as an employee of the Company to compete with the Company, (iii) uses information obtained during the course of his prior employment with the Company for his own purposes, such as for the solicitation of business and competition with the Company, (iv) is determined to have engaged (whether or not prior to termination due to retirement) in either gross misconduct or criminal activity harmful to the Company, or (v) takes any action that harms the business interests, reputation or goodwill of the Company and/or its subsidiaries.

10. Beneficiary. The person whose name appears on the signature page hereof after the caption "Beneficiary," if any, shall be the beneficiary of the Key Employee designated pursuant to Section 8 of the Deferral Plan.

11. Change in Control. In the event of a "Change of Control" (as defined in the Awards Plan) prior to the Committee's determination under Section 2(a),

(a) Any unvested Share Units shall immediately vest in full, unless the Key Employee has previously forfeited such Share Units; and

(b) Notwithstanding their treatment under the terms of the Awards Plan, the Company will immediately make a credit to the Cash Account in respect of a number of Performance Units multiplied by the Cash Deferral Percentage assuming performance at maximum levels for the entire period unless the Key Employee has previously forfeited the right to earn Performance Units.

In each case, the Key Employee shall be entitled to payments in respect of such amounts in accordance with Section 17.2 of the Deferral Plan.

12. Voting Rights. Until such time, if any, as certificates representing shares of Common Stock are delivered to the Key Employee in accordance with the Deferral Plan, the Key Employee shall have no voting rights in respect of the Share Units.

13. Tax Withholding. The Company and the Key Employee shall have rights with respect to tax withholding as set forth in Section 14 of the Deferral Plan. Without limitation, the Company shall be entitled to withhold any taxes due and payable in accordance with Section 3121(v) of the Internal Revenue Code from any payments due to the Key Employee.

14. Adjustments in Event of Change in Common Stock. In the event of any reclassification, subdivision or combination of shares of Common Stock, merger or consolidation of the Company or sale by the Company of all or a portion of its assets, or other event which could, in the judgment of the Committee, distort the implementation of the Grant or the realization of its objectives, the Committee may make such adjustments in the Grant Number and the number of Share Units under this Agreement, or in the terms, conditions or restrictions of this Agreement, as the Committee deems equitable; provided that in the absence of express action by the Committee, adjustments that apply generally to Share Units credited under the Deferral Plan shall apply automatically to the number of Share Units under this Agreement.

15. Powers of the Company Not Affected. The existence of the Grant shall not affect in any way the right or power of the Company or its stockholders to make or authorize any combination, subdivision or reclassification of the Common Stock or any reorganization, merger, consolidation, business combination, exchange of shares, or other change in the Company's capital structure or its business, or any issue of bonds, debentures or stock having rights or preferences equal, superior or affecting the Common Stock or the rights thereof, or dissolution or liquidation of the Company, or any sale or transfer of all or any part of its assets or business, or any other

corporate act or proceeding, whether of a similar character or otherwise. Nothing in this Agreement shall confer upon the Key Employee any right to continue in the employment of the Company or interfere with or limit in any way the right of the Company to terminate the Key Employee's employment at any time.

16. Interpretation by Committee. The Key Employee agrees that any dispute or disagreement that may arise in connection with this Agreement shall be resolved by the Committee, in its sole discretion, and that any interpretation by the Committee of the terms of this Agreement, the Awards Plan or the Deferral Plan and any determination made by the

Committee under this Agreement or such plans may be made in the sole discretion of the Committee and shall be final, binding, and conclusive.

17. Miscellaneous.

(a) This Agreement shall be governed and construed in accordance with the laws of the State of Wisconsin applicable to contracts made and to be performed therein between residents thereof.

(b) This Agreement may not be amended or modified except by the written consent of the parties hereto.

(c) The captions of this Agreement are inserted for convenience of reference only and shall not be taken into account in construing this Agreement.

(d) Any notice, filing or delivery hereunder or with respect to the Grant shall be given to the Key Employee at either his usual work location or his home address as indicated in the records of the Company, and shall be given to the Committee or the Company at 10801 Corporate Drive, Kenosha, Wisconsin 53142, Attention: Secretary. All such notices shall be given by first class mail, postage pre-paid, or by personal delivery.

(e) This Agreement shall be binding upon and inure to the benefit of the Company and its successors and assigns and shall be binding upon and inure to the benefit of the Key Employee, his beneficiary and the personal representative(s) and heirs of the Key Employee.

18. Deferral Matters.

(a) The Key Employee understands that (i) as a result of this Agreement, no restricted stock, cash or other property will be deliverable to the Key Employee in respect of the Share Deferral Percentage of the Grant Number or the Cash Deferral Percentage of the cash that may be received in respect of the Performance Units subject to the Grant until the date identified pursuant to Section 6, and (ii) all amounts deferred pursuant to this Agreement shall be reflected in an unfunded account established for the Key Employee by the Company, payment of the Company's obligation will be from general funds, and no special assets (stock, cash or otherwise) have been or will be set aside as security for this obligation.

(b) The Key Employee understands and agrees that the Key Employee's rights to payments hereunder are not subject in any manner to anticipation, alienation, sale, transfer, assignment, pledge, encumbrance, or garnishment by the Key Employee's creditors or the creditors of his beneficiaries, whether by operation of law or otherwise, and any attempted sale, transfer, assignment, pledge, or encumbrance with respect to such payment shall be null and void, and shall be without legal effect and shall not be recognized by the Company.

(c) The Key Employee understands and agrees that his right to receive payments hereunder is that of a general, unsecured creditor of the Company, and that this Agreement constitutes a mere promise by the

Company to pay such benefits in the future. Further, it is the intention of the parties hereto that the arrangements hereunder be unfunded for tax purposes and for purposes of Title I of ERISA.

(d) The Key Employee acknowledges that there will be no matching credit under Section 5 of the Deferral Plan in respect of compensation deferred under this Agreement.

IN WITNESS WHEREOF, the Company has caused this instrument to be executed by its duly authorized officer, and the Key Employee has hereunto affixed his hand, all on the day and year set forth above.

SNAP-ON INCORPORATED

By: -------------------------------------

Title:

Key Employee:

Beneficiary: ----------------------------

Address of Beneficiary:

Beneficiary Tax Identification

No. -------------------------------------

Share Deferral Percentage: --------------

Cash Deferral Percentage: ---------------

Exhibit 2

1. "RONAEBIT" for purposes of the vesting matrix means a fraction expressed as a percentage where (i) the numerator is earnings from continuing operations before income taxes (including net finance income) plus interest expense less other income (expense) - net (i.e., less other income plus other expense) plus Special Charges (as defined below) and (ii) the denominator is average net assets employed. "Net assets employed" means total assets minus cash and cash equivalents and minus all liabilities excluding short-term and long-term debt. "Average net assets employed" for a period means the average of net assets employed at the end of the immediately preceding fiscal period and at the end of each fiscal month during the period as reflected in the Company's final consolidated balance sheet for the month that is prepared as part of the financial statements used in the preparation of the Company's externally reported financial statements.

2. RONAEBIT for purposes of the vesting matrix will be calculated based upon the amount described in (a)(i) for the period consisting of fiscal 2003,

fiscal 2004 and fiscal 2005 and average net assets employed for the same period.

3. Revenue growth for purposes of the vesting matrix will be calculated by comparing the Company's consolidated net sales for fiscal 2005 with the net sales amounts set forth on the matrix.

4. The amount of each component of a calculation will be determined by reference to the Company's audited financial statements for the year(s) in question or the notes thereto to the extent reflected therein and, if not reflected therein, by reference to the Company's unaudited financial statements or the notes thereto contained in the Company's periodic reports filed with the Securities and Exchange Commission to the extent reflected therein and, if not reflected therein, by reference to the Company's publicly disclosed earnings release for the relevant period and, if not reflected therein, by reference to the Company's final consolidated balance sheet for the month that is prepared as part of the financial statements used in the preparation of the Company's externally reported financial statements.

5. There is graduated, proportionate vesting between points on the matrix.

6. Except to the extent that considering any such charge would cause an award to fail to qualify for the performance-based exception under Section 162(m) of the Internal Revenue Code and except to the extent that the committee of the Board that the Board has established to assist in the administration of the Plan (the "Ad Hoc Committee") in its sole discretion determines that a charge or other expense that would otherwise qualify as a Special Charge shall not be considered a Special Charge, "Special Charges" consist of restructuring reserve charges, non-recurring charges and non-comparable charges. Restructuring reserve charges include those costs that can be accrued in accordance with GAAP at the time a restructuring plan is adopted. Non-recurring charges consist of restructuring related charges such as the write-off of inventory or transition costs that are incurred as a result of a restructuring plan and will benefit future operations, as well as non-restructuring related charges that are considered non-recurring in nature. Non-comparable charges consist of costs that do not qualify for restructuring reserve or non-recurring charge treatment but are considered one-time, unusual

charges and are reflected as such in the Company's publicly disclosed earnings release for the relevant period. To the extent terms used above have meanings under U.S. GAAP, such meanings shall control.

7. Except to the extent that doing so would cause an award to fail to qualify for the performance-based exception under Section 162(m) of the Internal Revenue Code, the threshold, target and maximum goals for revenue growth and RONAEBIT will be adjusted upward or downward as appropriate to eliminate the effects of acquisitions and divestitures subject to the following.

   (a) There will be adjustments only where there is an acquisition or divestiture (or a combination of multiple acquisitions or divestitures) of a subsidiary, division or other business unit that had revenues during its last full fiscal year equal to 1% or more of the Company's budgeted consolidated net sales during the year the acquisition or divestiture occurs as reflected in the Company's overall final budget as of the commencement of the year as presented to the Company's Board of Directors at its January meeting (the "Final Budget").

   (b) Adjustments to Revenue Goals. If an acquisition occurs in 2003 or 2004, then the Ad Hoc Committee will adjust the net sales amounts set forth on the vesting matrix upward by an amount that is at least equal to the projected revenue for the acquired business in 2005 as reflected in the financial projections for the acquired business used as the basis for approval of the Company's acquisition purchase price decision by the Company's Board of Directors or the highest authority within the Company approving that decision (the "Pricing Projections"). If an acquisition occurs in 2005, then the Ad Hoc Committee will adjust the net sales amounts set forth on the vesting matrix upward by an amount that is at least equal to the projected revenue for the acquired business in 2005, as reflected in the Pricing Projections for the acquired business, multiplied by a fraction representing the portion of fiscal 2005 occurring after the acquisition. If a divestiture occurs in 2003 or 2004, then the Ad Hoc Committee will adjust the net sales amounts set forth on the vesting matrix downward by an amount that is no greater than the budgeted revenue for the divested business in 2005 as reflected in the Final Budget as of the commencement of fiscal year in which the divestiture occurred. If a divestiture occurs in 2005, then the Ad Hoc Committee will adjust the net sales amounts set forth on the vesting matrix downward on a pro rata basis by an amount that is no greater than the budgeted revenue for the divested business in 2005, as reflected in the Final Budget as of the commencement of fiscal 2005, multiplied by a fraction representing the portion of fiscal 2005 occurring after the divestiture.

(c) Adjustments to RONAEBIT Goals. If there is an acquisition or divestiture, then the RONAEBIT percentages on the vesting matrix will be recalculated by dividing the adjusted EBIT by the adjusted net assets (on an annualized basis). The Company's unadjusted EBIT will be estimated as an amount equal to the product obtained by multiplying the net assets as of the close of fiscal 2002 by the RONAEBIT percentage on the vesting matrix.

For an acquisition, the Company's unadjusted EBIT will be adjusted upward by an amount determined by the Ad Hoc Committee that is at least equal to the projected EBIT for the acquired business for the remaining term of the plan cycle, as reflected in the Pricing Projections for the acquired business, divided by the total number of years in the plan cycle. For an acquisition, the Company's net assets as of the close of fiscal 2002 will be adjusted upward by an amount determined by the Ad Hoc Committee that is no greater than the projected average net assets of the acquired business for the remaining term of the plan cycle, as reflected in the Pricing Projections for the acquired business, multiplied by the number of months remaining in the plan cycle and divided by the total number of months in the plan cycle.

For a divestiture, the Company's unadjusted EBIT will be adjusted downward by an amount determined by the Ad Hoc Committee that is no greater than the budgeted EBIT for the divested business for the year in which the divestiture occurs as reflected in the Final Budget as of the commencement of such year multiplied by the number of months remaining in the plan cycle divided by the total number of months in the plan cycle. For a divestiture, the Company's net assets as of the close of fiscal 2002 will be adjusted downward by an amount determined by the Ad Hoc Committee that is at least equal to the budgeted net assets for the divested business for the year in which the divestiture occurs as reflected in the Final Budget as of the commencement of such year multiplied by the number of months remaining in the plan cycle divided by the total number of months in the plan cycle.

Exhibit (12)

SNAP-ON INCORPORATED
COMPUTATION OF RATIO OF EARNINGS TO FIXED CHARGES
(Amounts in millions)

	Three Months Ended	
	March 29, 2003	March 30, 2002
Net Earnings	$ 21.4	$ 24.5
Add (deduct):		
Income taxes	11.5	12.1
Minority interest in earnings of consolidated subsidiaries	.7	.2
Cumulative effect	-	(2.8)
Net Earnings as Defined	33.6	34.0
Fixed Charges:		
Interest on debt	6.4	7.8
Interest element of rentals	1.3	1.3
Total Fixed Charges	7.7	9.1
Total Adjusted Earnings Available for Payment of Fixed Charges	$ 41.3	$ 43.1
Ratio of Earnings to Fixed Charges	5.4	4.7

For purpose of computing this ratio, "Net Earnings" consists of (a) income from continuing operations before income taxes and adjusted for minority interest, and (b) "Fixed Charges," consists of interest on debt and the estimated interest portion of rents.

EXHIBIT 99.1

Certification of Chief Executive Officer Pursuant to
18 U.S.C. Section 1350,
As Adopted Pursuant to
Section 906 of the Sarbanes-Oxley Act of 2002

In connection with the Quarterly Report of Snap-on Incorporated (the "Company") on Form 10-Q for the period ending March 29, 2003, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), Dale F. Elliott as Chief Executive Officer of the Company, hereby certifies, pursuant to 18 U.S.C. ss. 1350, as adopted pursuant to ss. 906 of the Sarbanes-Oxley Act of 2002, to the best of his knowledge, that:

(1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ Dale F. Elliott

Dale F. Elliott
Chief Executive Officer
May 9, 2003

A signed original of this written statement required by Section 906 has been provided to Snap-on Incorporated and will be retained by Snap-on Incorporated and furnished to the Securities and Exchange Commission or its staff upon request.

EXHIBIT 99.2

Certification of Principal Financial Officer
Pursuant to 18 U.S.C. Section 1350,
As Adopted Pursuant to
Section 906 of the Sarbanes-Oxley Act of 2002

In connection with the Quarterly Report of Snap-on Incorporated (the "Company") on Form 10-Q for the period ending March 29, 2003, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), Martin M. Ellen as Principal Financial Officer of the Company, hereby certifies, pursuant to 18 U.S.C. ss. 1350, as adopted pursuant to ss. 906 of the Sarbanes-Oxley Act of 2002, to the best of his knowledge, that:

(1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ Martin M. Ellen

Martin M. Ellen
Principal Financial Officer
May 9, 2003

A signed original of this written statement required by Section 906 has been provided to Snap-on Incorporated and will be retained by Snap-on Incorporated and furnished to the Securities and Exchange Commission or its staff upon request.