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 July 1, 2000

Commission File Number 1-7724

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

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

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

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

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes [X] No [ ]

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

Class	Outstanding at July 29, 2000
Common stock, $1 par value	58,766,771 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 thousands except per share data)
(Unaudited)

	Thirteen Weeks Ended		Twenty-six Weeks Ended	
	July 1, 2000	July 3, 1999	July 1, 2000	July 3, 1999
Net sales	$ 563,201	$ 473,153	$1,107,546	$ 925,738
Cost of goods sold	(298,982)	(247,888)	(594,882)	(481,572)
Operating expenses	(195,354)	(174,482)	(392,588)	(356,711)
Net finance income	10,479	13,141	22,150	34,133
Restructuring and other non-recurring charges	-	(7,037)	(353)	(8,970)
Interest expense	(10,573)	(5,417)	(20,898)	(10,098)
Other income (expense) - net	817	(12,406)	1,900	(13,239)
Earnings before income taxes	69,588	39,064	122,875	89,281
Income tax provision	25,399	14,065	44,842	32,041
Net earnings	$ 44,189	$ 24,999	$ 78,033	$ 57,240
Earnings per weighted average common share - basic	$ .75	$ .43	$ 1.33	$ .98
Earnings per weighted average common share - diluted	$ .75	$ .42	$ 1.33	$ .97
Weighted average common shares outstanding - basic	58,640	58,384	58,598	58,477
Effect of dilutive options	183	420	184	420
Weighted average common shares outstanding - diluted	58,823	58,804	58,782	58,897
Dividends declared per common share	$ .47	$ .45	$ .70	$ .67

The accompanying notes are an integral part of these statements.

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

	(Unaudited) July 1, 2000	January 1, 2000
ASSETS		
Current Assets		
Cash and cash equivalents	$ 8,055	$ 17,617
Accounts receivable, less allowances	642,398	617,645
Inventories		
Finished stock	433,361	418,490
Work in process	48,264	47,869
Raw materials	85,167	81,856
Excess of current cost over LIFO cost	(90,136)	(93,374)

Total inventory	476,656	454,841
Prepaid expenses and other assets	113,454	116,238
Total current assets	1,240,563	1,206,341
Property and equipment		
Land	26,186	26,753
Buildings and improvements	203,849	207,959
Machinery and equipment	479,756	454,089
	709,791	688,801
Accumulated depreciation	(355,198)	(326,203)
Total property and equipment	354,593	362,598
Deferred income tax benefits	54,960	54,652
Intangibles	454,577	453,293
Other assets	73,596	72,938
Total assets	$2,178,289	$2,149,822

The accompanying notes are an integral part of these statements.

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

	(Unaudited) July 1, 2000	January 1, 2000
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current Liabilities		
Accounts payable	$ 155,989	$ 146,422
Notes payable and current maturities of long-term debt	28,378	22,349
Dividends payable	14,101	-
Accrued compensation	51,157	57,540
Dealer deposits	40,676	48,251
Deferred subscription revenue	47,643	42,056
Other accrued liabilities	148,167	136,131
Total current liabilities	486,111	452,749
Long-term debt	579,908	607,476
Deferred income taxes	28,032	26,989
Retiree health care benefits	93,212	91,391
Pension liability	92,806	96,238
Other long-term liabilities	36,350	49,718
Total liabilities	1,316,419	1,324,561
SHAREHOLDERS' EQUITY		
Preferred stock - authorized 15,000,000 shares of $1 par value; none outstanding	-	-
Common stock - authorized 250,000,000 shares of $1 par value; issued - 66,761,756 and 66,729,457 shares	66,762	66,729
Additional paid-in capital	63,243	62,292
Retained earnings	994,755	957,763
Accumulated other comprehensive income (loss)	(41,311)	(35,814)
Grantor stock trust at fair market value - 6,506,756 and 6,677,450 shares	(173,243)	(177,373)
Treasury stock at cost - 1,505,339 and 1,505,339 shares	(48,336)	(48,336)
Total shareholders' equity	861,870	825,261

Total liabilities and shareholders' equity	$2,178,289	$2,149,822

The accompanying notes are an integral part of these statements.

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

	Twenty-six Weeks Ended	
	July 1, 2000	July 3, 1999
OPERATING ACTIVITIES		
Net earnings	$ 78,033	$ 57,240
Adjustments to reconcile net earnings to net cash provided by operating activities:		
Depreciation	26,907	19,183
Amortization of intangibles	9,002	5,650
Deferred income tax provision	2,869	9,920
Gain on sale of assets	(1,592)	(995)
Loss on currency hedge for purchase price commitment, net of tax	-	8,700
Changes in operating assets and liabilities:		
(Increase) decrease in receivables	(27,331)	52,874
(Increase) in inventories	(25,017)	(18,584)
(Increase) decrease in prepaid and other assets	(11,747)	9,042
Increase (decrease) in accounts payable	10,458	(9,251)
Increase (decrease) in accruals and other liabilities	(5,889)	15,467
Net cash provided by operating activities	55,693	149,246
INVESTING ACTIVITIES		
Capital expenditures	(25,897)	(19,991)
Acquisitions of businesses - net of cash acquired	(6,187)	(70,257)
Disposal of property and equipment	4,639	3,650
Net cash used in investing activities	(27,445)	(86,598)
FINANCING ACTIVITIES		
Payment of long-term debt	(1,028)	(335)
Increase in long-term debt	7,073	6,356
Decrease in short-term borrowings - net	(21,863)	(33,461)
Purchase of treasury stock - net	-	(14,714)
Proceeds from stock plans	5,113	6,594
Cash dividends paid	(26,938)	(25,760)
Net cash used in financing activities	(37,643)	(61,320)
Effect of exchange rate changes on cash	(167)	(705)
Increase (decrease) in cash and cash equivalents	(9,562)	623
Cash and cash equivalents at beginning of period	17,617	15,041
Cash and cash equivalents at end of period	$ 8,055	$ 15,664

The accompanying notes are an integral part of these statements.

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

   In the opinion of management, all adjustments (consisting only of normal recurring adjustments and adjustments related to restructuring and other non-recurring charges) necessary to a fair statement of financial condition and results of operations for the thirteen and twenty-six weeks ended July 1, 2000, have been made. Management also believes that the results of operations for the thirteen and twenty-six weeks ended July 1, 2000, are not necessarily indicative of the results to be expected for the full year. Certain prior-year amounts have been reclassified to conform with the current-year presentation.

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

   The acquisition is being accounted for as a purchase and the results of Bahco have been included in the accompanying consolidated financial statements since the date of the acquisition. A preliminary goodwill allocation in accordance with the criteria established under Accounting Principles Board ("APB") Opinion No. 16, "Business Combinations," has been performed. The cost of the acquisition has been allocated on the basis of the fair market value of the assets acquired and the liabilities assumed. This allocation, to be finalized in 2000, resulted in preliminary goodwill of $219 million being recorded.

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

(Amounts in thousands except per share data)	Thirteen Weeks Ended July 3, 1999	Twenty-six Weeks Ended July 3, 1999
Net sales:		
As reported	$ 473,153	$ 925,738
Pro forma (unaudited)	547,110	1,079,380
Net earnings:		
As reported	$ 24,999	$ 57,240
Pro forma (unaudited)	23,673	57,025
Earnings per share - basic:		
As reported	$ .43	$ .98
Pro forma (unaudited)	.41	.98
Earnings per share - diluted:		
As reported	$ .42	$ .97
Pro forma (unaudited)	.40	.97

3. The Corporation normally declares and pays in cash four regular, quarterly dividends. However, the third quarter dividend in each year is declared in June, giving rise to two regular quarterly dividends appearing in the second quarter and, correspondingly, three regular quarterly dividends appearing in the first twenty-six weeks' statements.

4. Income tax paid for the twenty-six week period ended July 1, 2000 and July 3, 1999 was $20.5 million and $8.7 million. Interest paid for the twenty-six week period ended July 1, 2000 and July 3, 1999 was $21.0 million and $13.4 million.

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

   The Corporation met its original targets of closing 60 facilities, eliminating 1,100 positions and discontinuing more than 12,000 stock keeping units, along with the consolidation of certain business units. Total charges for Project Simplify, which were composed of restructuring charges and other non-recurring charges, amounted to $187.4 million. This amount consists of $67.1 million of restructuring charges and $120.3 million of other non-recurring charges.

   During the second quarter of 2000 there were no non-recurring charges recorded and as of July 1, 2000 all initiatives under Project Simplify have been completed. For the first six months of 2000, the Corporation recorded $0.3 million in pre-tax, non-recurring charges relating to relocation costs. For the second quarter of 1999, the Corporation recorded $7.0 million of pre-tax, non-recurring charges comprised of employee incentives ($0.7 million), relocation costs ($3.2 million) and professional services ($3.1 million). For the first six months of 1999, the Corporation recorded $9.0 million of pre-tax, non-recurring charges comprised of employee incentives ($0.9 million), relocation costs ($3.7 million) and professional services ($4.4 million). The above non-recurring charges did not qualify for restructuring treatment and were therefore expensed as incurred.

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

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

   In December 1999, the Securities and Exchange Commission ("SEC") issued Staff Accounting Bulletin 101 ("SAB 101"), "Revenue Recognition in Financial Statements," which provides guidance on applying generally accepted accounting principles for recognizing revenue. The SEC subsequently issued SAB 101B which defers the effective date to no later than the fourth quarter of fiscal years beginning after December 15, 1999. The Corporation is currently evaluating the impact, if any, of adopting this pronouncement.

8. Total comprehensive income for the thirteen and twenty-six week periods ended July 1, 2000, and July 3, 1999, was as follows:

(Amounts in thousands)	Thirteen Weeks Ended July 1, 2000	Thirteen Weeks Ended July 3, 1999	Twenty-six Weeks Ended July 1, 2000	Twenty-six Weeks Ended July 3, 1999
Net earnings	$ 44,189	$ 24,999	$ 78,033	$ 57,240
Foreign currency translation	(2,609)	(2,521)	(5,497)	(9,227)
Total comprehensive income	$ 41,580	$ 22,478	$ 72,536	$ 48,013

9. The Corporation uses derivative instruments to manage well-defined interest rate and foreign currency exposures. The Corporation does not use derivative instruments for trading purposes. The criteria used to determine if hedge accounting treatment is appropriate are (i) the designation of the hedge to an underlying exposure, (ii) whether or not overall risk is being reduced, and (iii) if there is a correlation between the value of the derivative instrument and the underlying obligation.

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

   Foreign Currency Derivative Instruments: The Corporation has operations in a number of countries and has intercompany transactions among them and, as a result, is exposed to changes in foreign currency exchange rates. The Corporation manages most of these exposures on a consolidated basis, which allows the netting of certain exposures to take advantage of any natural offsets. To the extent the net exposures are hedged, forward contracts are used. Gains and/or losses on these foreign currency hedges are included in income in the period in which the exchange rates change. Gains and/or losses have not been material to the consolidated financial statements.

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

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

11. The Corporation created a Grantor Stock Trust ("GST") in 1998 that was subsequently amended. In connection with the formation of the GST, the Corporation sold 7.1 million shares of treasury stock to the GST. The sale of these shares had no net impact on shareholders' equity or the Corporation's Consolidated Statements of Earnings. The GST is a funding mechanism for certain benefit programs and compensation arrangements, including the incentive stock program and employee and franchised dealer stock purchase plans. The Northern Trust Company, as trustee of the GST, will vote the common stock held by the GST based on the terms set forth in the GST Agreement as amended. The GST is recorded as Grantor Stock Trust at

Fair Market Value on the accompanying Consolidated Balance Sheets. Shares owned by the GST are accounted for as a reduction to shareholders' equity until used in connection with employee benefits. Each period, the shares owned by the GST are valued at the closing market price, with corresponding changes in the GST balance reflected in additional paid-in capital.

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

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

	Thirteen Weeks Ended		Twenty-six Weeks Ended	
Financial data by segment: (Amounts in thousands)	July 1, 2000	July 3, 1999	July 1, 2000	July 3, 1999
Net sales from external customers:				
Global Transportation	$ 280,998	$ 269,158	$ 545,271	$ 526,652
Global Operations	282,203	203,995	562,275	399,086
Total from reportable segments	$ 563,201	$ 473,153	$1,107,546	$ 925,738
Intersegment sales:				
Global Transportation	$ 1	$ 6	$ 7	$ 11
Global Operations	97,237	109,713	187,947	219,514
Total from reportable segments	97,238	109,719	187,954	219,525
Elimination of intersegment sales	(97,238)	(109,719)	(187,954)	(219,525)
Total consolidated intersegment sales	$ -	$ -	$ -	$ -
Earnings:				
Global Transportation	$ 42,644	$ 32,260	$ 75,406	$ 57,155
Global Operations	26,221	18,523	44,670	30,300
Total from reportable segments	68,865	50,783	120,076	87,455
Net finance income	10,479	13,141	22,150	34,133
Restructuring and other non-recurring charges	-	(7,037)	(353)	(8,970)
Interest expense	(10,573)	(5,417)	(20,898)	(10,098)
Other income (expense) - net	817	(12,406)	1,900	(13,239)
Total consolidated earnings before taxes	$ 69,588	$ 39,064	$ 122,875	$ 89,281

Financial data by segment as of: (Amounts in thousands)	July 1, 2000	January 1, 2000

Total assets:		
Global Transportation	$ 772,175	$ 789,201
Global Operations	1,322,455	1,308,365
Total from reportable segments	2,094,630	2,097,566
Financial Services	103,544	97,267
Elimination of intersegment receivables	(19,885)	(45,011)
Total consolidated assets	$2,178,289	$2,149,822

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

RESULTS OF OPERATIONS

Overview: The Corporation posted record sales, net earnings and earnings per share for the second quarter and first six months of 2000. Net sales increased 19.0% to $563.2 million for the second quarter and increased 19.6% to $1.1 billion for the first six months of 2000 as compared to the comparable 1999 periods of $473.2 million and $925.7 million. The increase in net sales in both the second quarter and first six months of 2000 reflects continued solid gains in franchised dealer sales and the contribution from Bahco Group AB ("Bahco," formerly Sandvik Saws and Tools), which was acquired September 30, 1999. Organic sales growth was 8% in the second quarter of 2000, excluding the 15% contribution from Bahco, the negative 2% impact from currency translation and the negative 2% impact from discontinued product lines. Organic sales growth for the first six months of 2000 was 7%, excluding the 16% contribution from Bahco, the negative 2% impact from currency translation and the negative 1% impact from discontinued product lines.

Net earnings for the second quarter and first six months of 2000 were $44.2 million and $78.0 million as compared to $25.0 million and $57.2 million in the comparable prior-year periods. Diluted earnings per share for the second quarter and first six months of 2000 were $0.75 and $1.33 per share, as compared to $0.42 and $0.97 per share in the comparable prior-year periods. Net earnings for the second quarter and first six months of 2000 were driven by an increase in operating profit (segment earnings before the contribution of net finance income) of 35.6% for the second quarter and 37.3% for the six-month period. The improvement in operating profit was due to savings generated by Project Simplify and the increase in organic sales, partially offset by the expected decline in net finance income for both periods and higher interest expense as a result of the Bahco acquisition.

Net earnings for the second quarter of 1999, excluding other non-recurring charges related to Project Simplify of $4.5 million after-tax and the negative impact of the forward currency hedge on the US$400 million equivalent purchase price commitment for the Bahco acquisition of $8.7 million after-tax ("non-recurring items"), were $38.2 million. Net earnings for the first six months of 1999, excluding other non-recurring charges of $5.7 million after-tax and the negative impact of the above mentioned Bahco currency hedge, were $71.6 million. Diluted earnings per share for the 1999 second quarter excluding non-recurring items were $0.65. For the first six months of 1999, diluted earnings per share, excluding non-recurring items were $1.22.

The Corporation's simplification initiative, Project Simplify, which began in the third quarter of 1998 and was essentially completed and fully provided for at 1999 year end, was a broad program of internal rationalizations, consolidations and reorganizations intended to make the Corporation's business operations simpler and more effective. The initiative's savings goal, which was to reduce annual costs by approximately $60 million, with one-half of the savings realized in 1999, has been achieved. There were no non-recurring charges in the second quarter of 2000 and Project Simplify was completed. For the first six months of 2000, the Corporation recorded $0.3 million in pre-tax, non-recurring charges relating to relocation costs. For the second quarter of 1999, the Corporation recorded $7.0 million of pre-tax, non-recurring charges comprised of employee incentives ($0.7 million), relocation costs ($3.2 million) and professional services ($3.1 million).

For the first six months of 1999, the Corporation recorded $9.0 million of pre-tax, non-recurring charges comprised of employee incentives ($0.9 million), relocation costs ($3.7 million) and professional services ($4.4 million). The above non-recurring pre-tax charges did not qualify for restructuring treatment and were therefore expensed as incurred.

Segment Results: In the worldwide dealer van channel segment, Global Transportation, sales for the second quarter were up 4.4% over the prior year to $281.0 million, driven by strong dealer activity in North America, Japan and Europe. Second quarter sales, excluding the emissions-testing equipment were up 8% compared with $269.2 million in the second quarter of 1999. Transportation earnings increased 32.2% quarter-over-quarter, benefiting from strong organic sales growth and continued savings being delivered from Simplify activities. As a result, the operating profit margin increased to 15.2% in the second quarter from 12.0% in the comparable prior-year period. For the six-month period, sales were up 3.5% to $545.3 million, driven also by strong dealer activity in North America, Japan and Europe. Year-to-date sales, excluding emissions were up 6% compared with the first six months of 1999. Transportation earnings increased 31.9% over the prior-year period, benefiting from strong organic sales growth and continued savings being delivered from Project Simplify activities. As a result, the operating profit margin increased to 13.8% for the first six months of 2000 from 10.9% in the comparable prior-year period.

In the Corporation's commercial and industrial tool, diagnostics and equipment business segment, Global Operations, organic growth (excluding Bahco and the impact of currency translation) increased 8% for the second quarter of 2000 compared with the second quarter of 1999. Sales grew to $282.2 million in the second quarter of 2000 from $204.0 million during the second quarter of 1999. Incremental sales to new-vehicle dealerships, under distribution facilitation agreements with car manufacturers, were partially offset by a negative impact from European currency translation, as well as the continued soft market for diagnostics and emissions-testing equipment in Europe. Industrial sales were up in the second quarter year-over-year. Reported sales increased 38.3% quarter-over-quarter. Earnings increased 41.6% quarter-over-quarter, benefiting from organic growth, the addition of Bahco, and improvement in operating profitability in Europe. The operating profit margin increased to 9.3% from 9.1% in the prior year, as growth in Industrial and improving margins in Europe were partially offset by the business shift from the addition of Bahco and the incremental growth in the facilitation business. For the six months ended July 1, 2000, sales grew to $562.3 million from $399.1 million in the comparable 1999 period. Organic growth (excluding Bahco and the currency translation impact) increased 8% for the six months ended July 1, 2000, versus the comparable 1999 period. Earnings increased 47.4% year-over-year, benefiting from organic growth, the addition of Bahco, and improvement in operating profitability in Europe. The operating profit margin increased to 7.9% from 7.6% in the prior year, reflecting improving margins in Europe that were partially offset by the business shift from the addition of Bahco and the incremental growth in the facilitation business.

Gross margins were 46.9% and 46.3% for the second quarter and first six months of 2000 compared to 47.6% and 48.0% in the comparable prior-year periods. For both periods, the continued benefits from Project Simplify activities, particularly in Europe, and improved productivity were more than offset by lower margins from the addition of Bahco and the incremental growth in the facilitation business. The decrease in gross margin for the second quarter reflects the consolidation of Bahco which caused a 190 basis point negative shift in gross margin. This is primarily because Bahco sells its products through distributors.

As a consequence, Bahco's gross margin and operating expense as a percent of sales are substantially lower than the Corporation's previous business mix. The incremental growth of the distribution facilitation business (equipment sales to new vehicle dealerships under facilitation agreements such as the Ford Rotunda program) also reduced gross margin by 150 basis points from the prior-year second quarter. Savings being delivered by Project Simplify and other productivity enhancing actions improved gross margin for the second quarter by 270 basis points. The decrease in gross margin for the six-month period reflects a 180 basis point negative shift in gross margin from the acquisition of Bahco and the incremental growth of the distribution facilitation business, which further reduced the gross margin by 150 basis points. The gross margin on the core business improved 160 basis points due to the savings being delivered by Project Simplify and other productivity enhancing actions.

Operating expenses as a percentage of net sales decreased to 34.7% in the second quarter of 2000 from 36.9% in the prior-year period. For the six-month period, operating expenses as a percentage of net sales decreased to 35.4% in 2000 from 38.5% in the prior-year period. The declines in operating expenses as a percentage of net sales for both periods reflects a shift in the business mix, principally from the addition of Bahco and the incremental growth of the distribution facilitation business.

Net finance income was $10.5 million and $22.2 million for the second quarter and first six months of 2000, a decline from $13.1 million and $34.1 in the comparable 1999 periods. The declines in net finance income are largely a result of difficult comparisons to 1999 and the adverse effect of higher interest rates. In 1999, credit receivables were sold that generated a gain as a result of the establishment of the financial services joint venture with Newcourt Financial USA Inc. (now CIT) in January 1999 to leverage the infrastructure and new product development capabilities of a strong financial products partner and enhance financial return. As the Corporation made its transition to an "origination fee" business model from what had essentially been an "interest-rate-spread" business, the domestic credit receivables portfolio was sold and generated incremental gains. During the second quarter and first six months of 2000, origination of extended credit receivables grew at a high single-digit rate. Originations also benefited from the addition of new financing products. The increase in interest rates reduced the premium received on the originated loans faster than corresponding changes could be made to the rates extended to customers.

Interest expense for the second quarter of 2000 was $10.6 million, up from $5.4 million in the second quarter of 1999. For the first six months of 2000, interest expense increased to $20.9 million from $10.1 million in the comparable 1999 period. The increase is mainly due to the financing of the Bahco acquisition and overall higher interest rates.

Other income (expense)-net was $0.8 million for the second quarter and $1.9 million for the first six months of 2000 as compared to ($12.4) million and ($13.2) million in the comparable 1999 periods. This line item includes all non-operating items such as interest income, minority interests, disposal of fixed assets, foreign exchange transaction gains and losses, and other non-significant miscellaneous items. The results for the 1999 periods include the negative impact of $13.6 million related to a forward currency hedge on the US$400 million equivalent purchase price commitment for the Bahco acquisition.

The effective tax rate was 36.5% in the second quarter and first six months of 2000, and 36.0% and 35.9% in the comparable prior-year periods. The increase in 2000 is due primarily to goodwill amortization from the Bahco acquisition.

FINANCIAL CONDITION

Liquidity: Cash and cash equivalents were $8.1 million at the end of the second quarter down from $17.6 million at the end of 1999. Net cash provided by operating activities decreased to $55.7 million for the first six months of 2000, as compared to $149.2 million in the comparable prior-year period primarily due to the sale of receivables to CIT during the first quarter of 1999. Working capital of $754.5 million at the end of second quarter was essentially flat compared to $753.6 million at the end of 1999. Total-debt-to-total-capital ratio at the end of the second quarter was 41.4% compared to 43.3% at year-end 1999.

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

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

Accounts receivable, less allowances: Net receivables increased 4.0% to $642.2 million at the end of the second quarter as compared with $617.6 million at the end of 1999, primarily due to sales growth and an increase in dealer finance receivables, partially offset by improved collection of receivables.

Inventories: Inventories were $476.7 million at July 1, 2000, versus $454.8 million at year-end.

Liabilities: Total short-term and long-term debt was $608.3 million at the end of the second quarter as compared with $629.8 million at the end of 1999.

Average shares outstanding: Average shares outstanding for diluted and basic earnings per share in the second quarter of 2000 were 58.8 million and 58.6 million shares versus 58.8 million and 58.4 million in last year's second quarter. Average shares outstanding for diluted and basic earnings per share in the first six months of 2000 were 58.8 million and 58.6 million shares versus 58.9 million and 58.5 million in the comparable prior-year periods.

Share repurchase: The Corporation has undertaken stock repurchases from time to time to prevent dilution created by shares issued for employee and dealer stock purchase plans, stock options and other corporate purposes, as well as to repurchase shares when market conditions are favorable. At its January 1999 meeting, the Board of Directors authorized the repurchase of up to $50.0 million of the Corporation's common stock. This action followed the board's authorization in 1998 to repurchase up to $100.0 million of common stock and its authorization in 1997 for up to $100.0 million of common stock. At the end of 1999, all of the 1999 authorization and substantially all of the 1998 authorization remained available. The Corporation repurchased 492,800 shares of its common stock in 1999, 2,279,400 shares in 1998 and 986,333 shares in 1997. Since 1995, the Corporation has repurchased 8,570,083 shares.

Foreign currency: The Corporation operates in a number of countries and, as a result, is exposed to changes in foreign currency exchange rates. Most of these exposures are managed on a consolidated basis to take advantage of natural offsets. To the extent that net exposures are hedged, forward contracts are used. Refer to Note 9 for a discussion of the Corporation's accounting policies for the use of derivative instruments.

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

Outlook: The Corporation believes that the overall business outlook for the remainder of the year is sound. Bahco is generally performing to the Corporation's expectations and offers a solid platform to reach new professional tool users in North America. The Corporation's Internet activities are on track with a redesigned web site and a new dealer portal ready for launch during the third quarter of 2000. The Corporation's investments in technology, systems, products and processes are producing solid benefits.

The Corporation has a number of new, innovative, high-value-added products that will be introduced throughout the remainder of the year, which are expected to contribute to further growth. Higher interest rates and unfavorable currency effects are likely to remain, somewhat tempering optimism for the remainder of the year. Overall, the Corporation expects to achieve continued strong results in the second half of the year, with diluted earnings per share in the second half increasing approximately 15% on a year-over-year basis, excluding non-recurring items.

Safe Harbor: Statements in this document that are not historical facts, including statements (i) that include the words "believes," "expects," "anticipates," or "estimates," or similar words with reference to the Corporation or management; (ii) specifically identified as forward-looking; or (iii) describing the Corporation's or management's future plans, objectives or goals, are forward-looking statements. The Corporation or its representatives may also make similar forward-looking statements from time to time orally or in writing. The Corporation cautions the reader that these statements are subject to risks, uncertainties or other factors that could cause (and in some cases have caused) actual results to differ materially from those described in any such statement. Those important factors include the timing and progress with which the Corporation can continue to achieve higher productivity and attain further cost reductions; the Corporation's ability to retain and attract dealers, to successfully integrate the Bahco acquisition, to realize benefits in growth and efficiencies from e-business investments and to withstand external negative factors including changes in trade, monetary and fiscal policies, laws and regulations, or other activities of governments or their agencies, as well as the absence of significant changes in the current competitive environment, inflation, currency fluctuations or the material worsening of economic and political situations around the world. These factors may not constitute all factors that could cause actual results to differ materially from those discussed in any forward-looking statement. The Corporation operates in a continually changing business environment and

new factors emerge from time to time. The Corporation cannot predict such factors nor can it assess the impact, if any, of such factors on the Corporation or its results. Accordingly, forward-looking statements should not be relied upon as a prediction of actual results. The Corporation disclaims any responsibility to update any forward-looking statement provided in this document.

Item 3: Quantitative and Qualitative Disclosures About Market Risk

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

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

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

The estimated maximum potential one-day loss in fair value, calculated using the VAR model, at July 1, 2000, was $0.3 million on interest rate-sensitive financial instruments, and $2.1 million on foreign currency-sensitive financial instruments.

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

PART II. OTHER INFORMATION

Item 4: Submission of Matters to a Vote of Security Holders

The Corporation held its Annual Meeting of Shareholders on April 28, 2000. The following is a summary of the matters voted on in that meeting. There were 65,228,771 outstanding shares eligible to vote.

a) The shareholders elected four members of the Corporation's Board of Directors, whose terms were up for reelection, to serve until the 2003 Annual Meeting. The persons elected to the Corporation's Board of Directors, the number of votes cast for and the number of votes withheld with respect to each of these persons were as follows:

Director	For	Withheld	Term
Bruce S. Chelberg	55,932,268	763,447	2003
Arthur L. Kelly	55,989,422	706,293	2003
Roxanne J. Decyk	55,926,820	768,895	2003
Jack D. Michaels	55,932,305	763,410	2003
Branko M. Beronja			2002
Richard F. Teerlink			2002
Donald W. Brinckman			2002
George W. Mead			2002
Leonard A. Hadley			2001
Robert A. Cornog			2001
Edward H. Rensi			2001

Item 6: Exhibits and Reports on Form 8-K

Item 6(a): Exhibits

Exhibit 27 Financial Data Schedule

Exhibit 99 Acquisition Schedule

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

Date Filed	Date of Report	Item

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

April 4, 2000	March 17, 2000	Item 5. The Corporation filed a report relating to amendments to the Corporation's Benefit Trust Agreement relating to the grantor stock ownership program.

SIGNATURES

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

SNAP-ON INCORPORATED

Date: August 11, 2000 /s/ R. A. Cornog

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

Date: August 11, 2000 /s/ N. T. Smith

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

EXHIBIT INDEX

Exhibit No.	Description
27	Financial Data Schedule
99	Acquisition Schedule

<ARTICLE> 5
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THE SCHEDULE CONTAINS SUMMARY FINANCIAL INFORMATION EXTRACTED FROM THE
CONSOLIDATED FINANCIAL STATEMENTS OF SNAP-ON INCORPORATED AS OF AND FOR
THE TWENTY-SIX WEEKS ENDED JULY 1, 2000 AND IS QUALIFIED IN ITS ENTIRETY
BY REFERENCE TO SUCH FINANCIAL STATEMENTS.
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Exhibit 99

UNAUDITED PRO FORMA FINANICAL STATEMENT SCHEDULE OF BAHCO GROUP AB ACQUISITION

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

The acquisition is being accounted for as a purchase and the results of Bahco have been included in the accompanying consolidated financial statements since the date of the acquisition. The total purchase price of approximately $384 million includes the purchase of facilities, a number of brand names and trademarks, and certain other assets and liabilities. The Corporation funded the acquisition through working capital and an expansion of an existing commercial paper credit facility.

A preliminary goodwill allocation in accordance with the criteria established under Accounting Principles Board ("APB") Opinion No. 16, "Business Combinations," has been performed. The cost of the acquisition has been allocated on the basis of the fair market value of the assets acquired and the liabilities assumed. This allocation, to be finalized in 2000, results in preliminary goodwill of $219 million being recorded.

The preliminary allocation of the purchase price of $384 million, which includes direct acquisition costs of $10 million, is as follows:

(Amounts in millions)	
Fair value of property and equipment	$ 98
Fair value of patents and trademarks	25
Other net assets acquired	42
Goodwill	219
Purchase price	$ 384

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

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

For pro forma purposes, the Corporation's Unaudited Consolidated Statement of Earnings for the thirteen weeks ended July 3, 1999, has been combined with the Unaudited Combined Statement of Revenues and Direct Expenses of the Bahco Group for the three months ended June 30, 1999, and the effects of pro forma adjustments as set forth in the notes thereto.

For pro forma purposes, the Corporation's Unaudited Consolidated Statement of Earnings for the twenty-six weeks ended July 3, 1999, has been combined with the Unaudited Combined Statement of Revenues and Direct Expenses of the Bahco Group for the six months ended June 30, 1999, and the effects of pro forma adjustments as set forth in the notes thereto.

The following unaudited pro forma statements of earnings are based on historical financial data and on assumptions and adjustments described in the notes thereto. All such assumptions and adjustments are inherently subject to significant uncertainty and contingencies. It can be expected that some or all of the assumptions on which the following unaudited pro forma statements of earnings are based will prove to be inaccurate. As a result, the unaudited pro forma statements of earnings do not purport to represent what the Corporation's results of operations would have been if the acquisition of Bahco had occurred on January 1, 1998, and is not intended to project the Company's results of operations for any future period. The final purchase price allocation, when completed in 2000, will result in changes to the amount of recorded assets and goodwill included as pro forma amounts.

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

	Snap-on Incorporated Unaudited Consolidated Statement of Earnings Thirteen Weeks Ended July 3, 1999	Bahco Group Unaudited Combined Statement of Revenues and Direct Expenses Three-Months Ended June 30, 1999	Pro forma Adjustments	Pro forma
Net sales	$ 473,153	$ 73,957	$ -	$ 547,110
Cost of goods sold	(247,888)	(52,259)	(615) a	(300,762)
Operating expenses	(174,482)	(18,605)	(1,320) b	(194,407)
Net finance income	13,141	-	-	13,141
Restructuring and other non-recurring charges	(7,037)	-	-	(7,037)
Interest expense	(5,417)	-	(3,913) c	(9,330)
Other income (expense) - net	(12,406)	674	-	(11,732)
Earnings (loss) before income taxes	39,064	3,767	(5,848)	36,983
Income tax provision (benefit)	14,065	-	(755) d	13,310
Net earnings (loss)	$ 24,999	$ 3,767	$ (5,093)	$ 23,673
Earnings per weighted average common share - basic	$ .43			$ .41
Earnings per weighted average common share - diluted	$ .42			$ .40
Weighted average common shares outstanding - basic	58,384			58,384
Effect of dilutive options	420			420
Weighted average common shares outstanding - diluted	58,804			58,804

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

	Snap-on Incorporated Unaudited Consolidated Statement of Earnings Twenty-six Weeks Ended July 3, 1999	Bahco Group Unaudited Combined Statement of Revenues and Direct Expenses Six Months Ended June 30, 1999	Pro forma Adjustments	Pro forma
Net sales	$ 925,738	$ 153,642	$ -	$1,079,380
Cost of goods sold	(481,572)	(103,715)	(1,230) a	(586,517)
Operating expenses	(356,711)	(39,221)	(2,640) b	(398,572)
Net finance income	34,133	-	-	34,133
Restructuring and other non-recurring charges	(8,970)	-	-	(8,970)
Interest expense	(10,098)	-	(7,826) c	(17,924)
Other income (expense) - net	(13,239)	798	-	(12,441)
Earnings (loss) before income taxes	89,281	11,504	(11,696)	89,089
Income tax provision (benefit)	32,041	-	23 d	32,064
Net earnings (loss)	$ 57,240	$ 11,504	$ (11,719)	$ 57,025
Earnings per weighted average common share - basic	$ .98			$ .98

Earnings per weighted average

common share - diluted	$ .97	$ .97
Weighted average common shares outstanding - basic	58,477	58,477
Effect of dilutive options	420	420
Weighted average common shares outstanding - diluted	58,897	58,897

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

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

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

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

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