UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 8-K

CURRENT REPORT

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

Date of Report
(Date of earliest
event reported): January 3, 1999

Snap-on Incorporated
(Exact name of registrant as specified in its charter)

Delaware	1-7724	39-0622040
(State or other jurisdiction of incorporation)	(Commission File Number)	(IRS Employer Identification No.)

10801 Corporate Drive, Kenosha, WI 53141-1430
(Address of principal executive offices including zip code)

(414) 656-5200
(Registrant's telephone number)

Item 2. Acquisition or Disposition of Assets.

On January 3, 1999, Snap-on Incorporated (the "Company") established a joint venture with Newcourt Financial USA Inc. ("Newcourt") to provide financial services to the Company's global dealer and customer network through a limited liability company known as Snap-on Credit LLC (the "LLC"). As a result of the establishment of the joint venture, the Company effectively outsourced to the LLC its captive credit function. The captive credit function was previously managed by the Company's wholly-owned subsidiary, Snap-on Credit Corporation. The LLC will be the preferred provider of financial services to the Company's global dealer and customer network. The Company will receive income from fees paid by the LLC. The fees will be based primarily upon the volume of installment receivables originated by the LLC. Newcourt will provide services and expertise to the LLC with a view to increasing originations by the LLC. Newcourt will be paid a fee by the LLC for such services. The management fees paid to Newcourt will also be based primarily on the volume of installment receivables originated by the LLC. Newcourt receives warehousing and securitization fees from the LLC in connection with the purchased receivables.

The Company established the LLC with office equipment, prepaid assets and cash having a combined book value of $1 million. Following the establishment of Snap-on Credit LLC, Newcourt contributed to the LLC cash in the amount of $1 million. The Company and Newcourt each own, indirectly, a 50% membership interest in the LLC. The amount of Newcourt's investment was negotiated on an

arm's-length basis. The LLC is governed by the terms of an Agreement Respecting a Limited Liability Company dated December 1, 1998, and an Amended and Restated Operating Agreement dated January 3, 1999 ("Operating Agreement").

The joint venture has an initial term of five years subject to extension at the option of the Company for an additional five years. If the joint venture is terminated prior January 3, 2009, as a result of certain events ("default events"), or if the joint venture is terminated after that date, then the Company will have the option to purchase Newcourt's interest in the LLC at a price based on Newcourt's capital investment. If the joint venture terminates prior to January 3, 2009, other than as the result of a default event, then the Company will purchase Newcourt's membership interest in the joint venture at an agreed formula price as defined in the Operating Agreement.

The LLC has entered into various service agreements and royalty agreements pursuant to which the LLC has the right to use the Snap-on name, to purchase receivables from the Company and Snap-on dealers, and to receive certain management and other services from Newcourt and the Company. The LLC has entered into agreements with Newcourt pursuant to which Newcourt has committed to purchase, on a regular basis, all installment receivables purchased by the LLC from the Company and its dealers. Newcourt has engaged the LLC to service receivables on behalf of Newcourt. The management and employees of Snap-on Credit Corporation and select employees of Newcourt will act as managers and employees of the LLC. The LLC will operate from regional service centers previously operated in Company facilities by Snap-on Credit Corporation. The LLC will enter into a Lease Agreement to establish a headquarters facility in Gurnee, Illinois.

On January 4, 1999, in a separate transaction, another subsidiary of the Company, Snap-on Financial Services, Inc. ("SFS"), sold to Newcourt its entire portfolio of U.S. installment accounts receivable, including existing extended customer accounts receivable, equipment lease receivables and dealer loan receivables, for an aggregate sale price of $141.1 million resulting in a net pretax gain of approximately $44.0 million of which approximately $17.0 million is deferred. These amounts are estimated and may be subject to adjustment following review and verification of the portfolio. SFS sold the existing portfolio of extended customer accounts receivable "with recourse" as

Newcourt has the right to cause SFS to repurchase, using the same pricing formula applicable in the sale to Newcourt, the unpaid portion of this portfolio.

Item 7. Financial Statements and Exhibits.

(b) Pro forma information.

UNAUDITED PRO FORMA FINANCIAL INFORMATION

The transaction that is the subject of this report is described in Item 2. The following Unaudited Pro Forma Condensed Consolidated Statements reflect the effects of (i) the disposition of the Company's captive credit function, (ii) the sale by the Company of existing extended customer accounts receivable, equipment lease receivables, and dealer loan receivables to Newcourt, and (iii) the acquisition of an equity position in a new joint venture established for the origination and servicing of installment receivables to finance sales by the Company. The effect of the execution and delivery by the Company of the Operating Agreement and various service and royalty agreements and the payment by the LLC of management and other fees pursuant to those agreements is not reflected in the pro forma statements. The Unaudited Pro Forma Condensed Consolidated Balance Sheet assumes that the disposition, sale and establishment occurred on October 3, 1998 and the Unaudited Pro Forma Condensed Consolidated Statements of Earnings assume that the disposition, sale and establishment occurred on December 29, 1996.

The Unaudited Pro Forma Condensed Consolidated Statement of Earnings for the year ended January 3, 1998 reflects the audited income statement of the Company for the year ended January 3, 1998, and the effects described above on the historical results of operations as set forth in the notes thereto.

The Unaudited Pro Forma Condensed Consolidated Statement of Earnings for the period ended October 3, 1998 reflects the unaudited income statement of the Company for the period ended October 3, 1998, and the effects described above on the historical results of operations as set forth in the notes thereto.

The Pro Forma Unaudited Condensed Consolidated Balance Sheet at October 3, 1998 reflects the unaudited balance sheet of the Company at October 3, 1998, and the effects described above on the historical financial position as set forth in the notes thereto.

The pro forma financial information is a presentation of historical results with pro forma accounting and other adjustments to reflect the effects described.

THE PRO FORMA STATEMENTS ARE UNAUDITED, ARE PROVIDED FOR INFORMATIONAL PURPOSES ONLY AND SHOULD NOT BE CONSTRUED TO BE INDICATIVE OF THE COMPANY'S FINANCIAL POSITION OR RESULTS OF OPERATIONS HAD THE TRANSACTIONS BEEN CONSUMMATED ON THE DATES ASSUMED AND DO NOT PROJECT THE COMPANY'S RESULTS OF OPERATIONS FOR ANY FUTURE PERIOD.

SNAP-ON INCORPORATED
UNAUDITED PRO FORMA CONDENSED CONSOLIDATED BALANCE SHEET
(Amounts in Thousands)

	Historical Oct. 3 1998	Adjustments		Pro Forma
ASSETS				
Cash and cash equivalents	$ 13,470	$ (745)	(5)	$ 12,725
Accounts receivable less allowances	507,784	(79,212)	(6)	428,572
Inventories	420,512	0		420,512
Prepaid expenses and other assets	127,180	6,078	(5) (7)	133,258
Total current assets	1,068,946	(73,879)		995,067
Property and equipment - net	272,391	(91)	(5)	272,300
Deferred income tax benefits	67,082	0		67,082
Intangible and other assets	262,928	(16,576)	(5) (6)	246,352
TOTAL ASSETS	$ 1,671,347	$ (90,546)		$ 1,580,801
LIABILITIES				
Accounts payable	$ 85,240	$ 0		$ 85,240
Notes payable	61,988	(39,820)	(8)	22,168
Accrued compensation	39,897	0		39,897
Dealer deposits	38,495	0		38,495
Accrued income taxes	20,816	16,387	(7)	37,203
Deferred subscription revenue	31,668	0		31,668
Other accrued liabilities	161,882	16,870	(7)	178,752
Total current liabilities	439,986	(6,563)		433,423
Long-term debt	246,096	(101,256)	(8)	144,840
Deferred subscription revenue	12,249	0		12,249
Other accrued liabilities	88,800	0		88,800
Pension and other long-term liabilities	111,577	0		111,577
TOTAL LIABILITIES	$ 898,708	$ (107,819)		$ 790,889
SHAREHOLDERS' EQUITY				
Common stock - $1 par value	66,675	0		66,675
Additional paid in capital	89,708	0		89,708
Retained earnings	883,523	17,273	(7)	900,796
Foreign currency translation adjustment	(26,054)	0		(26,054)
Employee benefits trust at fair market value	(218,428)	0		(218,428)
Treasury stock at cost	(22,785)	0		(22,785)

TOTAL SHAREHOLDERS' EQUITY	$ 772,639	$ 17,273	$ 789,912
TOTAL LIABILITIES & SHAREHOLDERS' EQUITY	$ 1,671,347	$ (90,546)	$ 1,580,801

SNAP-ON INCORPORATED
UNAUDITED PRO FORMA CONSOLIDATED STATEMENT OF EARNINGS
Nine Months Ended October 3, 1998
(Amounts in Thousands)

	Historical Nine Months Ended	Adjustments	Pro Forma
Net sales	$ 1,295,877	$ -	$ 1,295,877
Cost of goods sold	677,554		677,554
Cost of goods sole - discontinued products	50,562	-	50,562
Gross profit	567,761		567,761
Operating expenses	525,346	(5,631) (1)	519,715
Operating profit (loss)	42,415	5,631	48,046
Net finance income	47,529	(37,030) (2)	10,499
Restructuring and other non-recurring charges	(82,559)	-	(82,559)
Operating income (loss)	7,385	(31,399)	(24,014)
Interest expense	(15,365)	6,211 (3)	(9,154)
Other income (expense) - net	(1,624)	-	(1,624)
Earnings (loss) before income taxes	(9,604)	(25,188)	(34,792)
Income tax provision (benefit)	7,806	(9,320) (4)	(1,514)
Net earnings (loss)	$ (17,410)	$ (15,868)	$ (33,278)
Earnings (loss) per weighted average common share - basic	$ (0.29)	$ (0.27)	$ (0.56)
Earnings (loss) per weighted average common share - diluted	$ (0.29)	$ (0.27)	$ (0.56)
Weighted average common shares outstanding - basic	59,359	59,359	59,359
Effect of dilutive options	0	0	0
Weighted average common shares outstanding - diluted	59,359	59,359	59,359

SNAP-ON INCORPORATED
UNAUDITED PRO FORMA CONDENSED CONSOLIDATED STATEMENT OF EARNINGS
Fiscal 1997

(Amounts in Thousands)

	Historical 1997	Adjustments		Pro Forma
Net sales	$ 1,672,215	$ -		$ 1,672,215
Cost of goods sold	828,387	-		828,387
Gross profit	843,828			843,828
Operating expenses	650,182	(5,731)	(1)	644,451
Operating profit before net finance income	193,646	5,731		199,377
Net finance income	71,891	(58,065)	(2)	13,826
Operating income	265,537	(52,334)		213,203
Interest expense	(17,654)	8,281	(3)	(9,373)
Other income (expense) - net	(9,207)	-		(9,207)
Earnings before income taxes	238,676	(44,053)		194,623
Income taxes	88,310	(16,300)	(4)	72,010
Net earnings	$ 150,366	$ (27,753)		$ 122,613
Earnings per weighted average common share - basic	$ 2.47	$ (0.46)		$ 2.01
Earnings per weighted average common share - diluted	$ 2.44	$ (0.45)		$ 1.99
Weighted average common shares outstanding - basic	60,845,467	60,845,467		60,845,467
Common stock equivalents	840,841	840,841		840,841
Weighted average common shares outstanding - diluted	61,686,308	61,686,308		61,686,308

Notes to Unaudited Pro Forma Condensed Consolidated Financial Statements

The following two items are not reflected in the unaudited pro forma condensed consolidated statements of earnings:

* Fees from contractual arrangements with the new joint venture for origination of installment receivables. Based on historic origination volume at the contractual rate, Snap-on would have earned approximately $19.1 million and approximately $15.4 million of fees for Fiscal 1997 and the nine months ended October 3, 1998, respectively.

* A pretax gain of approximately $44.0 million on the sale of the receivables, of which approximately $17.0 million is deferred.

The following notes identify the pro forma adjustments made to the historical amounts in the pro forma unaudited condensed consolidated financial statements for Fiscal 1997 and as of and for the nine months ended October 3, 1998.

1. Represents the elimination of credit losses allocated to operating expenses

due to the disposition of installment receivables.

2. Represents the elimination of finance income net of related operating expenses (salaries, credit loss expense etc.) due to the disposition of the Company's captive credit function.

3. Represents a reduction of historical interest expense from the assumed application of the proceeds of $141.1 million from the sale of receivables to reduce outstanding debt.

4. Represents the income tax effects of the pro forma adjustments. The Company's pro forma income tax rate is 37% for the year ended January 3, 1998 and 37% for the nine months ended October 3, 1998.

5. Represents the Company's $1 million investment in the joint venture.

6. Represents the elimination of receivables due to the sale of the extended customer accounts receivable, equipment lease receivables, and dealer loan receivables ($79.2 million) and the elimination of the related long-term assets ($17.6 million).

7. Represents the gain of approximately $44.0 million on the sale of the extended customer accounts receivable, equipment lease receivables, and dealer loan receivables to Newcourt, net of income taxes. Approximately 17.0 million of the gain is deferred until certain put rights of Newcourt expire.

8. Represents a reduction of both long and short term debt from the assumed use of the proceeds from the sale of the extended customer accounts receivable, equipment lease receivables, and dealer loan receivables to Newcourt.

(c) Exhibits.

The exhibits listed in the accompanying Exhibit Index are filed as part of this Current Report on Form 8-K.

SIGNATURES

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

SNAP-ON INCORPORATED

Date: January 3, 1999

By:/s/Susan F. Marrinan
Susan F. Marrinan
Vice President, Secretary and
General Counsel

SNAP-ON INCORPORATED

EXHIBIT INDEX TO FORM 8-K
Report Dated January 4, 1999

Exhibit No.	Description
2.1*+	Agreement Respecting a Limited Liability Company Dated as of December 1, 1998, between Snap-on Incorporated and Newcourt Financial USA Inc.
2.2*+	Amended and Restated Operating Agreement dated January 3, 1999, between SCL Holding Company and Snap-on Capital Corp.
2.3*	Addendum To Amended And Restated Operating Agreement dated January 3, 1999, between SCL Holding Company and Snap-on Capital Corp.

2.4*+ License and Royalty Agreement dated January 3, 1999, between Snap-on Financial Services, Inc., and Snap-on Credit LLC

2.5*+ Newcourt Management Services Agreement dated January 3, 1999, between Newcourt Financial USA Inc., and Snap-on Credit LLC

2.6*+ Snap-on Management Services Agreement dated January 3, 1999, between Snap-on Credit LLC and Snap-on Incorporated

- --------

* Portions of this exhibit have been redacted and are subject to a confidential treatment request filed with the Secretary of the Securities and Exchange Commission pursuant to Rule 24b-2 under the Securities Exchange Act of 1934, as amended. The redacted material is being filed separately with the Securities and Exchange Commission.

+ The schedules and exhibits to this document are not filed herewith. The registrant agrees to furnish supplementally a copy of any such schedule or exhibit to the Securities and Exchange Commission upon request.

Exhibit No. 2.1

AGREEMENT RESPECTING A LIMITED LIABILITY COMPANY

This Agreement is made as of this 1st day of December 1998, by and between Snap-on Incorporated, a Delaware corporation with its principal office located in Kenosha, Wisconsin ("Snap-on"), and Newcourt Financial USA Inc., a corporation chartered under the laws of the State of Delaware with its main offices located in Indianapolis, Indiana and Parsippany, New Jersey ("Newcourt"). For purposes of this Agreement, capitalized terms used herein, unless otherwise defined herein, shall have the meaning ascribed to such terms in the Definitional Supplement attached hereto as Exhibit A (the "Definitional Supplement").

R E C I T A L S

WHEREAS, Snap-on seeks to arrange financing under identified credit programs for Snap-on Customers;

WHEREAS, Snap-on seeks to form an alliance with another company possessing funding capabilities and expertise in the area of systems management, credit programs, design, licensing and leasing programs to maximize efficiencies and create economies of scale necessary to maintain and expand credit programs extended to Snap-on Customers;

WHEREAS, Newcourt is a company engaged in the business of designing and implementing U.S. and foreign vendor financing programs and desires to provide financing to Snap-on Customers;

WHEREAS, Snap-on and Newcourt each, directly or through a wholly-owned subsidiary, desire to become members of a limited liability company which will offer certain credit programs to Snap-on Customers and create new financing facilities and programs to be offered to Snap-on Customers and increase efficiency in the management and operation of financing programs;

NOW, THEREFORE, in consideration of these premises and the mutual covenants set forth herein, the parties hereby agree as follows:

ARTICLE I
REPRESENTATIONS AND WARRANTIES OF NEWCOURT

Newcourt represents and warrants to Snap-on as follows:

1.01. Trademarks and Processing Systems. Each Newcourt Entity is the rightful owner of, or fully licensed and/or authorized to use, all right and title to (a) the Newcourt tradename and Newcourt trademarks and service marks and (b) the processing systems, technology, software and programs identified on Schedule 1.01. Newcourt has delivered to Snap-on an accurate and complete copy of each agreement governing or relating to the use of such systems by the Newcourt Entities.

1.02. Organization. Schedule 1.02 sets forth a list of all Newcourt Entities. Each Newcourt Entity is a corporation or other jural entity as indicated validly organized and existing under the laws of the jurisdiction of its organization and has due authority to conduct business in all jurisdictions where it conducts business.

1.03. No Conflict. The execution and delivery of this Agreement and the other Operative Documents by the Newcourt Entities and the consummation of the transactions herein and therein contemplated do not violate or constitute a breach or default under the organizational documents of any Newcourt Entity or under the terms and conditions of any documents, agreements or other writings to which any Newcourt Entity is a party, which violation, breach or default could reasonably be expected to have a Material Adverse Effect on any Newcourt Entity.

1.04. Financial Statements. The consolidated balance sheets of

Newcourt and its consolidated Subsidiaries as at December 31, 1997, and the related consolidated statements of cash flows and consolidated statements of changes in financial position of Newcourt and its consolidated Subsidiaries for the fiscal year then ended, certified by Ernst & Young, independent public accountants, copies of which have been furnished to Snap-on, fairly present the financial condition of Newcourt and its consolidated Subsidiaries as at such date and the consolidated results of operations of Newcourt and its consolidated Subsidiaries for the period ending with such date, all in accordance with generally accepted accounting principles ("GAAP") used in Canada consistently applied and since December 31, 1997, there has been no material adverse change in any such condition or operations. The long-term senior unsecured debt of Newcourt is rated investment grade or equivalent by at least one U.S. Rating Agency and Newcourt has sufficient funding capacity, after meeting all other financial commitments, to complete the purchase of the Finance Contracts from the Company in the amounts set forth in the Annual Operating Plan.

1.05. Regulatory Authorities; Capabilities. Each Newcourt Entity possesses all licenses and permits and other authorizations by Regulatory Authorities necessary to the conduct of its respective business and to provide to the Company and the Snap-on Entities the services anticipated under the Operative Documents, except those the lack of which would not have Material Adverse Effect on its respective business or its ability to provide such services; provided, however, no representation or warranty is made regarding any licenses, permits or authorization which may be necessary to originate any loans under the Snap-on Dealer Credit Programs. No Newcourt Entity has received notice from any Regulatory Authority indicating that such Regulatory Authority would oppose or not grant or issue its Consent, if required, with respect to the transactions contemplated by this Agreement and the other Operative Documents. Each Newcourt Entity is licensed to operate in the jurisdictions listed next to its name on Schedule 1.02. The indicated entities possess, in such jurisdictions, access to capital markets and funding, and the capabilities to perform such services as may be necessary to support the Snap-on Dealer Credit Programs currently sponsored or managed by Newcourt in such jurisdiction.

1.06. No Filings Required. No action of, or filing with, or Consent of, any Regulatory Authority or any other third party is required by any Newcourt Entity to authorize,

or is otherwise required in connection with, the execution, delivery and performance by such Newcourt Entity of this Agreement or the other Operative Documents.

1.07. Litigation. To the best of the knowledge of Newcourt, after due inquiry by Frank Chaffiotte, Newcourt's Assistant General Counsel - Litigation, there is no litigation relating to any Newcourt Entity's business, its respective funding capability or its other joint venture relationships that is pending, or threatened, in or before any court, commission, arbitration tribunal, or judicial, governmental or administrative department, body, agency, administrator or official, grand jury or any other forum for the resolution of grievances, against Newcourt or any Newcourt Entity which would reasonably be required to be disclosed to Newcourt's auditors under GAAP as used in Canada in connection with an audit of the consolidated financial statements of Newcourt Credit Group Inc.

1.08. System Compliance.

(a) Each Newcourt Entity has conducted a review of its computer systems and equipment containing embedded microchips to determine whether they are Year 2000 Compliant (as defined below). Each Newcourt Entity has plans in place to complete all system upgrades or reprogramming necessary to make its computer systems and equipment containing embedded microchips Year 2000 Compliant, and to complete the testing thereof, by September 30, 1999, and is in the process of communicating with vendors, suppliers and customers to identify any potential year 2000 issues which may adversely affect any Newcourt Entity. For purposes of the foregoing, "Year 2000 Compliant" shall mean the ability of the system to provide all of the following functions:

(i) Handle date information before, during and after midnight, December 31, 1999, including but not limited to accepting date input, providing date output, and performing

calculations on dates or portions of dates; date interpretation and manipulation must be correct for all valid date values within the application domain;

(ii) Function accurately and without interruption before, during and after January 1, 2000, without any change in operations associated with the advent of the new century;

(iii) Respond to two-digit, year-date input in a way that resolves the ambiguity as to century in a disclosed, defined and predetermined manner; interfacing software must make the same century assumption when processing two-digit years;

(iv) Process 2000 as a leap year;

(v) Correctly process any date with a year specified as "99" or 00" regardless of other subjective meanings attached to those values; and

(vi) Store and provide output of date information in ways that are unambiguous as to century.

(b) The aggregate cost to the Newcourt Entities of such reprogramming, system upgrades and testing, and the reasonably foreseeable consequences of year 2000 and the conversion to the Euro on January 1, 1999, to each Newcourt Entity (including, without limitation, reprogramming errors and failure of others' systems or equipment), will not result in a Material Adverse Effect on Newcourt Credit Group Inc. on a consolidated basis. Except for such of the reprogramming and upgrades referred to in the preceding sentence as may be necessary, to the best of Newcourt's knowledge, the computer systems and equipment of each Newcourt Entity are, and with ordinary course upgrades and routine maintenance will continue through December 31, 2005, to be, sufficient to permit each Newcourt Entity to conduct its business and to perform its obligations under any Operative Document to which it is a party without a Material Adverse Effect on the Company.

ARTICLE II
REPRESENTATIONS AND WARRANTIES OF SNAP-ON

Snap-on represents and warrants to Newcourt as follows:

2.01. Trademarks. Snap-on and each of its Subsidiaries is the rightful owner of, or fully licensed and/or authorized to use, all right and title to (a) the Snap-on trademark, tradename and service marks and (b) all processing systems, technology, know-how and software programs identified in Schedule 2.01 (the "Snap-on Systems"). Snap-on has delivered to Newcourt an accurate and complete copy of each agreement governing or relating to the use of the Snap-on Systems by the Snap-on Entities.

2.02. Organization. Each Snap-on Entity is a corporation validly organized and existing under the laws of the State of its incorporation, with due authority to conduct business in all jurisdictions where it conducts business. As of the Closing Date, the Company will be a Delaware limited liability company, duly formed and existing under the Act.

2.03 No Conflict. The execution and delivery of this Agreement and the other Operative Documents by the Snap-on Entities and the consummation of the transactions herein and therein contemplated do not violate or constitute a breach or default under the organizational documents of any Snap-on Entity or under the terms and conditions of any documents, agreements or other writings to which a Snap-on Entity is a party, which violation, breach or default could reasonably be expected to have a Material Adverse Effect on Snap-on on a consolidated basis.

2.04. No Default. To the best of Snap-on's knowledge, the Company, as of the Closing Date, is not, has not been and will not be by virtue of any past or present action, omission to act, contract to which they are a party or any occurrence or state of facts whatsoever, in violation in any material respect of

any applicable Law, Order or Permit, the

violation of which would result in a Material Adverse Effect on the Company or any Snap-on Entity.

2.05. Regulatory Authorities. Each Snap-on Entity possesses all licenses and permits and other authorizations by Regulatory Authorities necessary to the conduct of its business and to provide the services anticipated to be provided by it under the Operative Documents except those licenses, permits and authorizations the lack of which would not have a Material Adverse Effect on its business or its ability to provide such services. No Snap-on Entity has received notice from any Regulatory Authority indicating that such Regulatory Authority would oppose or not grant or issue its Consent, if required, with respect to the transactions contemplated by this Agreement and the other Operative Documents. Except as set forth on Schedule 2.05(a), no action of, or filing with, or Consent of, any Regulatory Authority or any other third party is required by any Snap-on Entity to authorize, or is otherwise required by any Snap-on Entity in connection with, the execution, delivery and performance by such Snap-on Entity of this Agreement or the other Operative Documents. Except as disclosed on Schedule 2.05(b), no action of, filing with or Consent of any Regulatory Authority or any other third party is required by the Company for the conduct of its Business or in connection with the execution, delivery and performance by the Company of the Company Supplement or the Operative Documents.

2.06. No Liens. As of the Closing Date, the Company will be the owner of all right, title and interest in and to its Assets, free and clear of all Liens of any nature whatsoever, and will have good and valid title to or a leasehold interest in its Assets.

2.07. Financial Statements. The consolidated balance sheets of Snap-on and its consolidated Subsidiaries as at January 3, 1998, and the related consolidated statements of cash flows and consolidated statements of changes in financial position of Snap-on and its consolidated Subsidiaries for the fiscal year then ended, certified by Arthur Andersen LLP, independent public accountants, copies of which have been furnished to Newcourt, fairly present the consolidated financial condition of Snap-on and its consolidated Subsidiaries as at such date and the consolidated results of the operations of Snap-on and its consolidated Subsidiaries for the period ended on such date, all in accordance with GAAP consistently applied, and since January 3, 1998, there has been no material adverse change in any such condition or operations. To the best of the knowledge of Snap-on, the books and records of SCC have been, and are being, maintained in all material respects in accordance with applicable legal and accounting requirements and reflect only actual transactions.

2.08. Litigation. Schedule 2.08 sets forth all material Litigation relating to the Company or SCC that is pending, or to the knowledge of Snap-on, threatened, in or before any court, commission, arbitration tribunal, or judicial, governmental or administrative department, body, agency, administrator or official, grand jury or any other or forum for the resolution of grievances, against the Company or SCC.

2.09. Contracts. Except as set forth in Schedule 2.09:

(a) The Company, as of the Closing Date, will not be party to or bound by any material agreement, contract, commitment or relationship, whether written or oral, with any other Snap-on Entity; and

(b) With respect to the Business of the Company, as of the Closing Date, there will be no contract, agreement or other arrangement entitling any Person to any profits, revenues or cash flows of the Company or requiring any payments or other distributions based on such profits, revenues or cash flows.

2.10. Snap-on Disclaimer. Newcourt agrees and acknowledges that the business of the Company will be significantly affected by changes in the volume

of financing contracts originated by other Snap-on Entities, or by changes in interest rates and general economic conditions. Newcourt acknowledges that past experience with respect to the generation, purchase, sale, and collection of amounts due on Finance Contracts purchased and serviced by any Snap-on Entity prior to the date hereof does not guarantee or even necessarily indicate the level or profitability of the Company's business in the future. Newcourt acknowledges that collections and loss experience may change, for better or for worse, in the future. Newcourt acknowledges that it has been given complete access to information concerning the information systems of SCC and the Company and has had a complete opportunity to verify the status and condition of such systems.

ARTICLE III
REPRESENTATIONS AND WARRANTIES OF ALL PARTIES

3.01 All Parties. Newcourt represents and warrants for itself and each of the Newcourt Entities, and Snap-on represents and warrants for itself and each of the Snap-on Entities, that:

(a) It has the corporate power and authority to execute and deliver this Agreement and any Operative Document to which it is a party and to perform its obligations hereunder and thereunder. Such execution, delivery, performance and consummation have been duly authorized by all necessary corporate or limited liability company action on its part. This Agreement has been duly executed and delivered by its duly authorized officers, and constitutes its valid and legally binding obligation enforceable against it in accordance with the terms hereof, except as the same may be limited by (i) applicable bankruptcy, reorganization, insolvency, moratorium or other similar laws from time to time in effect affecting creditors' rights generally or (ii) equitable principles of general application.

(b) It is not, and execution of this Agreement will not cause it to be, in violation of any term of its charter, certificate of incorporation or by-laws; or any agreement or instrument to which it is a party, any Law, or any applicable Order, which violation could reasonably be expected to have a Material Adverse Effect on its ability to enter into, execute, deliver or perform its obligations under this Agreement.

3.02. Disclaimer of Warranties. OTHER THAN THOSE REPRESENTATIONS AND WARRANTIES EXPRESSLY MADE IN THIS AGREEMENT OR IN THE OTHER OPERATIVE DOCUMENTS, NO PARTY HERETO MAKES ANY REPRESENTATIONS OR WARRANTIES OF ANY KIND EXPRESS OR IMPLIED ARISING OUT OF OR RELATING TO THIS AGREEMENT OR THE OPERATIVE DOCUMENTS.

ARTICLE IV
FORMATION OF COMPANY AND RELATED MATTERS

4.01. Formation of Company. Following the execution of this Agreement and prior to the Closing, Snap-on shall form, or cause to be formed, a Delaware limited liability company (the "Company"). The purpose of the Company shall be to engage in the business of providing financing under identified credit programs, including the Snap-on Dealer Credit Programs, to Snap-on Customers in the U.S. and other countries around the world, to manage such credit programs (collectively, the "Business") and to engage in any such other legal purpose as agreed to from time to time by the Company's Board of Directors. The initial principal place of business of the Company shall be in or near Gurnee, Illinois and the name of the Company shall be "Snap-on Credit LLC," or such other name as Snap-on and Newcourt may mutually agree upon in writing. Initially, Snap-on shall be the sole Member of the Company, owning a one hundred percent (100%) Membership Interest in the Company. Prior to Newcourt making the Newcourt Investment, the Company will have no rights under the Program Rights Agreement between SCC and Snap-on, a copy of which is attached as Schedule 4.01(a) (the "Program Rights Agreement"), or under the Trademark License Agreement between SCC and Snap-on Technologies, Inc., a copy of which will be provided to Newcourt prior to Closing (the "Snap-on Trademark License"). The Company shall otherwise own, or possess the right to use in the Business, as of the Closing Date, all material items of furniture, fixtures, software systems, and other material Assets as may be necessary to commence the operation of the Business. Prior to Newcourt making the Newcourt Investment (as defined in Section 4.02(a) below),

the Company shall have no indebtedness payable to or from any Snap-on Entity.

4.02. Newcourt Investment.

(a) Newcourt shall contribute to the Company as its capital contribution, cash in an amount equal to the lesser of $1,000,000 or the Net Asset Value of the Company on the Closing Date as provided in Section 4.02(b)(i) below (the "Investment Amount"). In exchange Newcourt shall receive from the Company a fifty percent (50%) Membership Interest (the "Newcourt Investment"). The Newcourt Investment shall be evidenced by a Subscription Agreement between the Company and Newcourt.

(b) Newcourt shall make the Newcourt Investment as follows:

(i) At the Closing, Newcourt shall deliver to the Company cash in the amount of the Investment Amount as shown on the preliminary balance sheet of the Company as of the Closing Date. The term Net Asset Value shall

mean, as determined in accordance with GAAP, the dollar amount by which the net book value of the assets of the Company exceeds the net book value of the liabilities of the Company. The preliminary balance sheet shall be prepared by the Company and delivered to Newcourt and Snap-on not fewer than ten (10) days prior to the scheduled Closing Date. The preliminary balance sheet shall be prepared using GAAP principles previously used by SCC from the books and records of the Company and shall reflect the estimated assets and liabilities of the Company as of the Closing Date immediately prior to the Newcourt Investment. Prior to Closing, Snap-on and Newcourt shall agree on the information set forth in the preliminary balance sheet;

(ii) Not later than thirty (30) days following the Closing, the Company shall prepare and deliver to Snap-on and Newcourt a final closing balance sheet of the Company as of the Closing Date immediately prior to the Newcourt Investment prepared in the same manner and using the same principles and policies used in the preparation of the preliminary balance sheet from the books and records of the Company. The Company shall deliver to Snap-on and Newcourt such additional information as either may reasonably request. To the extent that the Net Asset Value of the Company as of the Closing Date reflected on the final closing balance sheet is greater than or less than the Net Asset Value of the Company as of the Closing Date as reflected on the preliminary balance sheet, Newcourt shall contribute additional cash to the Company to make up any deficiency in its Closing Date cash contribution or the Company shall reimburse Newcourt cash to the extent the Closing Date cash contribution by Newcourt exceeded the Net Asset Value as reflected on the final closing balance sheet; provided, however, that in no event shall the aggregate amount contributed by Newcourt pursuant to this Section 4.02(b) exceed $1,000,000; and

(iii) In the event Newcourt and Snap-on are not able to reach agreement regarding the Net Asset Value of the Company as reflected on the final closing balance sheet, either party may elect to have such dispute or disagreement resolved by Arthur Andersen whose calculation of the Net Asset Value of the Company on the Closing Date as provided herein shall be final. The fees and expenses for the services of Arthur Andersen shall be shared equally by Snap-on and Newcourt.

(c) Immediately following the consummation of the Newcourt Investment, (i) Snap-on shall first transfer its entire Membership Interest in the Company to Snap-on Capital Corp., a newly formed wholly-owned subsidiary of Snap-on ("Newco") and (ii) Newco and Newcourt shall then execute, deliver and enter into an Operating Agreement substantially in the form attached hereto as Exhibit 4.02(c)

(the "Operating Agreement").

(d) The Company shall, at the Closing, execute a Company Supplement to this Agreement in form acceptable to Snap-on and Newcourt (the "Company

Supplement") evidencing the Company's approval of this Agreement and the Company's contractual obligation to abide by the terms of this Agreement and the Operative Documents.

4.03. Time and Place of Closing. The Closing herein contemplated (the "Closing") will take place at 10:00 a.m. on the "Closing Date" (as defined below in this Section 4.03) and shall be effective as of the close of business on said Closing Date. Subject to the terms and conditions of this Agreement, unless otherwise mutually agreed upon in writing by an executive officer of each of Newcourt and Snap-on, the parties shall use their reasonable efforts to cause the "Closing Date" to occur on January 3, 1999. The place of Closing shall be at the offices of Foley & Lardner, or such other place as may mutually be agreed upon by Newcourt and Snap-on.

4.04 Default by any Party Hereto at the Closing. Other than as may result from the exercise of a party's right under this Agreement, if any of the Snap-on Entities on the one hand, or any of the Newcourt Entities on the other hand, shall fail or refuse to consummate either the Newcourt Investment, as provided in Section 4.02 above, or the establishment of the Company as provided in Section 4.01, or the execution and delivery of any Operative Documents, or if the parties shall fail or refuse to consummate any of the transactions described in this Agreement, prior to or on the Closing Date, the non-defaulting party (i.e. either Snap-on or Newcourt), at its option and without prejudice to its rights against any defaulting party, may either (i) unilaterally delay the Closing while taking appropriate judicial action or seeking other remedies, or (ii) refuse to consummate such transaction and thereby terminate all of its obligations hereunder without any Liability. The parties hereto acknowledge that the Newcourt Investment and the establishment of the Company are unique and otherwise not available and agree that, in addition to any other remedies, the non-defaulting party (i.e. either Snap-on or Newcourt) may invoke any equitable remedies to enforce delivery or consummation of the Newcourt Investment or the establishment of the Company, as the case may be, including, without limitation, any action or suit for specific performance, as further detailed in Section 13.14 hereof.

ARTICLE V.
CERTAIN SNAP-ON RESPONSIBILITIES AND COMMITMENTS

5.01. Regulatory Approvals.

(a) For Snap-on. Snap-on shall be responsible for obtaining all licenses, permits and Consents necessary to form the Company and to permit the Company to sell a membership interest to Newcourt as described in this Agreement, and shall use its best efforts to obtain all licenses, permits and Consents necessary to permit the Company to engage in the Business or as otherwise are necessary for any of the Snap-on Entities to consummate the transactions hereby contemplated, including but not limited to the Consents of Regulatory Authorities identified on Schedule 2.05(a) attached hereto. The cost and expense of obtaining such licenses, permits and Consents shall be a System Expense as provided in Section 13.12 hereof.

(b) For Newcourt. Snap-on shall reasonably cooperate with the Newcourt Entities and provide such information and/or assistance as Snap-on can reasonably provide to assist Newcourt in obtaining any and all required Consents of Regulatory Authorities as provided under Section 6.01 hereof.

(c) For the Company. Snap-on shall reasonably cooperate with the Newcourt Entities and provide such information and/or assistance as Snap-on can reasonably provide to assist Newcourt in providing Financing Services, if necessary and to the extent permitted by Law, under the Existing Programs to Snap-on Customers pursuant to Section

6.01(c).

5.02. Snap-on Services Agreement. At the Closing, and with effect immediately following the Newcourt Investment, Snap-on shall enter into a Management Services Agreement with the Company substantially in the form of Exhibit 5.02 attached hereto (the "Snap-on Services Agreement").

5.03. License to Use Space. At the Closing, and with effect immediately following the Newcourt Investment, Tools Company shall enter into a License to Use Space with Company in form and substance acceptable to the parties (the "Snap-on Space License").

5.04. License Agreement. At the Closing, and with effect immediately following the Newcourt Investment, SFS shall enter into a License and Royalty Agreement with the Company substantially in the form of Exhibit 5.04 attached hereto (the "Snap-on License Agreement") and Snap-on, SFS and Technologies shall execute a Consent in substantially the form attached thereto (the "Snap-on Consent").

5.05. Third Party Consents. Snap-on will deliver, at the Closing, consents or waivers from its lenders and, if necessary, from the lessor under the lease described in Section 7.11 hereof necessary to permit the Snap-on Entities to consummate the transactions contemplated by this Agreement without causing a default under any Contract between the Snap-on Entities and such third parties.

5.06. Transfer Agreement. At the Closing, and with effect immediately following the Newcourt Investment, Snap-on, Tools Company, SFS, and the Company shall enter into a transfer agreement with the Company in form and substance acceptable to the parties (the "Transfer Agreement").

ARTICLEE VI
CERTAIN NEWCOURT RESPONSIBILITIES AND COMMITMENTS

6.01. Regulatory Approvals.

(a) For Newcourt. Newcourt shall be responsible for obtaining all licenses, permits and Consents of Regulatory Authorities required for it to participate in a limited liability company of the type described in this Agreement, or as otherwise are necessary for any Newcourt Entity to consummate the transactions hereby

contemplated. The cost and expense of obtaining such licenses, permits and Consents shall be a System Expense as provided in Section 13.12 hereof.

(b) For Snap-on. Newcourt shall reasonably cooperate with Snap-on and provide such information and/or assistance as Newcourt can reasonably provide to assist the Company in obtaining any and all required licenses and permits, and Consents of Regulatory Authorities as provided under Section 5.01 hereof.

(c) For the Company. If, despite Snap-on's best efforts pursuant to Section 5.01(a), the Company has not obtained as of the Closing Date any license, permit or Consent necessary to provide Financing Services to Snap-on Customers under the Existing Programs, then, to the extent permitted by Law, Newcourt shall, or shall cause a Newcourt Affiliate to, offer such Financing Services, in the name of the Company, to Snap-on Customers on such terms and conditions as are acceptable to Snap-on and Newcourt, until the Company has obtained such license, permit or Consent.

6.02 Newcourt Services Agreement. At the Closing, and with effect immediately following the Newcourt Investment, Newcourt shall enter into a Management Services Agreement with the Company in form and substance acceptable to the parties (the "Newcourt Services Agreement").

6.03 Funding Agreement. At the Closing, and with effect immediately following the Newcourt Investment, Newcourt shall enter into one or more receivables purchase agreements and related agreements (including a servicing agreement) with the Company having the terms described on Exhibit 6.03 attached

hereto and such other terms as shall be agreed to by the parties (the "Funding Agreement").

6.04 Newcourt Space License. At the Closing, and with effect immediately following the Newcourt Investment, Newcourt shall enter into a license to use space with the Company in form and substance acceptable to Newcourt and Snap-on (the "Newcourt Space License").

ARTICLE VII
CONDUCT OF BUSINESS PENDING CONSUMMATION; ADDITIONAL AGREEMENTS

7.01 Covenants of Newcourt. From the date of this Agreement until the earlier of the Closing or the termination of this Agreement, except as contemplated by this Agreement, unless the prior written consent of Snap-on shall have been obtained, which consent shall not be unreasonably withheld, the Newcourt Entities shall (i) operate their respective businesses only in the usual, regular, and ordinary course, which in all events shall allow the Newcourt Entities to continue to engage in, and enter into Contracts with respect to, acquisition and joint venture activity, (ii) preserve intact their respective business organizations and Assets, and (iii) take no action which would materially adversely affect the ability of any party to obtain any Consents required for the transactions contemplated hereby without

imposition of a Burdensome Condition, or which would materially adversely affect the ability of any party to perform its covenants and agreements under this Agreement.

7.02. Covenants of Snap-on Entities. From the date of this Agreement until the earlier of the Closing or the termination of this Agreement, except as expressly contemplated by this Agreement, unless the prior written consent of Newcourt shall have been obtained, which consent shall not be unreasonably withheld:

(a) Each Snap-on Entity shall (i) operate its businesses only in the usual, regular, and ordinary course, (ii) preserve intact its organization and Assets, and (iii) take no action which would materially adversely affect the ability of any party to obtain any Consents required for the transactions contemplated hereby without imposition of a Burdensome Condition, or which would materially adversely affect the ability of any party to perform its covenants and agreements under this Agreement.

(b) Snap-on shall take, and shall cause its Affiliates to take, all necessary and appropriate actions required by Article IV of this Agreement, including the execution, delivery and performance by the Company of this Agreement and the Company Supplement, formation of the Company, and the consummation by the Company on the Closing Date of the transactions contemplated herein and therein, to be consummated on the Closing Date.

7.03. Adverse Changes in Condition. Each of Snap-on and Newcourt agrees to give written notice promptly to each other party upon becoming aware of the occurrence or impending occurrence of any event or circumstance relating to it which (i) is reasonably likely to have, individually or in the aggregate, a Material Adverse Effect on it or (ii) would cause or constitute a material breach of any of its representations, warranties, or covenants contained herein, and to use its reasonable efforts to prevent or promptly to remedy the same.

7.04. Applications; Antitrust Notifications. Each party shall promptly prepare and file, and each other party shall cooperate in the preparation and, where appropriate, filing of, applications with all Regulatory Authorities having jurisdiction over the transactions contemplated by this Agreement seeking the requisite Consents necessary to consummate the transactions contemplated by this Agreement, as contemplated by Sections 5.01 and 6.01 hereof. To the extent required by the HSR Act, Newcourt will promptly file with the United States Federal Trade Commission and the United States Department of Justice all such notifications and reports required to be filed by Newcourt therewith to consummate the transactions contemplated hereby and any supplemental or additional information which may reasonably be requested in connection therewith. Any fees required under the HSR Act (the "HSR Fee") in connection with a notice under the HSR Act relating to the Newcourt Investment shall be

paid by Newcourt.

7.05. Systems Matters.

(a) Newcourt and Snap-on agree to cooperate in the negotiation, execution and implementation by the Company of all agreements necessary and appropriate

by which the Company shall engage * , or other software developer (the "System Developer"), to specify, design and implement a software system to account for and manage all functions arising out of or relating to the origination, transfer, management, servicing, sale and collection of the Finance Contracts. Such agreements (together, the "Systems Agreement") shall have terms and conditions reasonably acceptable to Newcourt and Snap-on. The parties agree to cooperate in the management of the integration of that system with the product order system of Snap-on, the Snap-on Dealer Software System ("DSS") and the software and other systems provided to the Company by or through Newcourt as contemplated in Sections 7.05(b) and (c) hereof. Newcourt agrees to allow the System Developer to operate across all Newcourt platforms applicable to the Business and to have access to all Newcourt systems applicable to the Business.

(b) Newcourt agrees to use its best efforts to provide the Company with direct access to the Newcourt lease management system by negotiating on behalf of the Company a systems agreement with * giving the Company an independent fully paid and perpetual right to use the lease program software and all other operating systems and Newcourt software to be used by the Company. Newcourt will take such steps as are necessary to refine any applicable Newcourt Systems for application on a standardized basis in all foreign jurisdictions in which a Newcourt Entity operates.

(c) Newcourt will provide to the Company the right to use any Newcourt software systems that operate with the Newcourt lease management system including, without limitation, * ("Newcourt Systems"). Such right to use Newcourt Systems will be defined in a License Agreement between Newcourt and the Company (the "Newcourt Systems Agreement") granting the Company the royalty-free (during the term of the Operating Agreement) right to use such systems and improvements, providing appropriate training and technical support and otherwise having such terms as are reasonably acceptable to the parties; provided, however, that such agreement shall require the Company to reimburse Newcourt for any incremental cost imposed on Newcourt by any provider of Newcourt Systems as a result of such licensing or sublicensing. Further, in the event that Newcourt is unsuccessful in arranging the direct systems agreement with * described in Section 7.05(b), Newcourt will sublicense to Company the right to use the Newcourt lease management system at a per location charge equal to the per location charge paid by Newcourt to * . Newcourt will provide to the Company systems support and technological enhancements necessary to define interaction between the Newcourt lease management system, the data system to be provided by the System Developer, and DSS. Upon termination of the Operating Agreement, the Company's right to use the Newcourt Systems and

- ------------------------
*Indicates that material has been omitted and confidential treatment has been requested therefor. All such omitted material has been filed separatley with the SEC pursuant to Rule 24b-2.

Newcourt lease management system, and to obtain improvements, training and technical support from Newcourt for such systems will continue on commercially reasonable terms.

7.06. Employee Matters. The parties will handle employee matters in accordance with the initial Annual Operating Plan.

7.07 Agreement as to Efforts to Consummate.

(a) Subject to the terms and conditions of this Agreement, each party agrees to use its reasonable efforts to take, or cause to be taken, all actions, and to do, or cause to be done, all things necessary, proper, or advisable under applicable Laws to consummate and make effective, as soon as practicable after the date of this Agreement, the transactions contemplated by this Agreement, including using its reasonable efforts to lift or rescind any order adversely affecting its ability to consummate the transactions contemplated herein and to cause to be satisfied the conditions referred to in Article VIII of this Agreement; provided, that nothing herein shall preclude any party from exercising its rights under this Agreement. Each party shall use its reasonable efforts to obtain all Consents necessary or desirable for the consummation of the transactions contemplated by this Agreement.

(b) Notwithstanding the conditions to Closing set forth in Article VIII below, if any required Consent under any Contract is not obtained by the date of the Closing, and the parties hereto waive such Consent and proceed with the Closing, each party shall nevertheless continue to pursue such Consents and at the request of the Company each party shall cooperate with the Company in any reasonable arrangement designed to provide to the Company the benefits under or of any such contract or Assets relating thereto. Nothing contained in this Agreement or any Operative Document shall be deemed to constitute any assignment or attempted assignment by any party hereto of any Contract if any assignment or attempted assignment would constitute a Default thereunder. Each party shall use its reasonable efforts to execute all agreements to which it is intended to be a party in connection with the transactions contemplated hereby, including the Company Supplement and all other Operative Documents.

7.08. Investigation and Confidentiality.

(a) Prior to the Closing, each party shall keep each other party advised of all material developments relevant to its business, and to the formation of the Company and to the Newcourt Investment, and shall permit each other party to make or cause to be made such investigation of its business and properties and its financial and legal condition as the other party reasonably requests, provided that such investigation shall be reasonably related to the transactions contemplated hereby and shall not interfere unnecessarily with normal operations. No investigation by a party shall affect the representations and warranties of any other party.

(b) Each party shall, and shall cause its representatives to, maintain the confidentiality of all Information and shall not use such Information for any purpose except in furtherance of the transactions contemplated by this Agreement, all as further provided in Article X hereof. Newcourt specifically agrees that all documents and information provided by any Snap-on Entity prior to the date hereof in connection with Newcourt's investigation of Snap-on's business shall be deemed to be Information and subject to the provisions of Article X hereof. Snap-on specifically agrees that all documents and information provided by any Newcourt Entity prior to the date hereof in connection with Snap-on's investigation of Newcourt's business shall be deemed to be Information and subject to the provisions of Article X hereof.

7.09 Certain Actions. Except with respect to this Agreement and the transactions contemplated hereby, neither Snap-on nor any Affiliate thereof nor any representatives thereof, shall, at any time on or after the date hereof and until the Closing has occurred, or this Agreement has terminated, directly or indirectly solicit any Acquisition Proposal by any Person or furnish to any Person any non-public information that it is not legally obligated to furnish, negotiate with respect to, or enter into any Contract with respect to, any Acquisition Proposal. Snap-on shall promptly notify Newcourt in the event Snap-on receives an Acquisition Proposal.

7.10. Updated Schedules. Snap-on and Newcourt each covenant and agree that it shall cause the schedules identified in its representations and warranties set forth in Articles I and II, respectively, to be updated and

delivered (and certified as being true and correct) to the other to reflect disclosure at the Closing Date; provided, however, that no such updated schedule shall be taken into account for purposes of determining whether the conditions set forth in Sections 8.02(a) and 8.02(b) have been satisfied.

7.11. Headquarters Lease. In connection with the establishment of the Company, prior to Closing, Snap-on and Newcourt shall cooperate to select a site to serve as the Company's corporate headquarters (the "Headquarters"). The parties shall jointly select a suitable location for the Headquarters and negotiate on behalf of the Company lease terms for the Headquarters reasonably acceptable to both Snap-on and Newcourt. The Company shall execute the relevant lease agreements and related documents (the "Headquarters Lease") at the Closing or as soon thereafter as possible. In the event that SCC should execute the Headquarters Lease prior to the Closing, then Snap-on and Newcourt shall cooperate to procure from the lessor all necessary consents and approvals relating to the succession of the Company to SCC's rights and obligations under the Headquarters Lease. The parties agree that any costs incurred by Snap-on and Newcourt in selecting the Headquarters, negotiating the Headquarters Lease, building out and furnishing the Headquarters and other expenses incurred in connection with the procurement and establishment of the Headquarters shall be a System Expense.

7.12. Initial Annual Operating Plan; Operations Manual. Newcourt and Snap-on shall cooperate to prepare an initial Annual Operating Plan and a Credit, Collections and Operations Manual containing elements described in the Operating Agreement and such other elements as the parties may agree. In the event that the parties do not succeed, for any

reason, in reaching agreement with respect to the initial Annual Operating Plan or the Credit, Collections and Operations Manual on or before December 31, 1998, then either party may, at its election, terminate this Agreement without any liability or obligation except as provided in Articles X and XI.

7.13. Plans and Policies. Newcourt and Snap-on shall cooperate prior to the Closing Date to develop, to the extent such are not part of the Annual Operating Plan or the Credit, Collections and Operations Manual, an employee handbook for the Company, a sales and marketing plan for the Company, residual investment policies for the Company, expansion programs for the Company, and compensation plans for the employees of the Company.

7.14. Snap-on and Newcourt Guarantees. In the event that any third party contracting with the Company shall require either or both of Snap-on and Newcourt or any Snap-on Entity and/or any Newcourt Entity to guarantee the Company's performance or payment of any obligation set forth in such contract, Newcourt and Snap-on agree that such guarantee obligation will, subject to the following sentence, be provided on terms and conditions agreeable to the parties. Each of Newcourt and Snap-on agree that, before either party commits to any such guarantee obligation, it will provide the other party with at least ten Business Days' prior notice of the proposed guarantee obligation and shall not undertake such obligation if the other party objects to same within such ten Business Day period.

7.15. Preferred Relationship; Noncompete.

(a) Snap-on agrees that it will view the Company as the preferred source of financing for the activities of its Subsidiaries. Snap-on and Newcourt will work with the Company in an effort to expand the Snap-on Dealer Credit Programs and to offer Snap-on Customers new credit programs in the future. Snap-on agrees that it will not support or sponsor any captive leasing program, joint venture or programmatic relationship with an alternative financing provider if such program, venture or relationship competes directly with the Snap-on Dealer Credit Programs. Snap-on agrees that it shall promote only the Company to its Subsidiaries as the preferred financing source for Snap-on Subsidiaries; * .

(b) In order to assure proper confidentiality and protection of the intellectual property rights (including trade secrets) of Snap-on, its Subsidiaries, and the Company, Newcourt covenants and agrees that it shall not at any time, prior to the termination of this Agreement and the Operating Agreement, directly or indirectly, enter into any program, joint venture or similar arrangement with *

(collectively, the "Snap-on Competitors") relating to the financing or leasing of products competitive with the products sold by Snap-on and its Subsidiaries.

- ------------------------
*Indicates that material has been omitted and confidential treatment has been requested therefor. All such omitted material has been filed separatley with the SEC pursuant to Rule 24b-2.

(c) Notwithstanding Section 7.15(b), the restrictions set forth in Section 7.15(b) shall not preclude any Newcourt Entity from:

(ii) *

(ii) *

(iii) *

(iv) *

(v) *

(vi) * .

7.16. International Expansion of Credit Programs. Snap-on and Newcourt acknowledge that although the original purpose of the Company is to provide Financing Services under the Snap-on Dealer Credit Programs to Snap-on Customers in the United States, both parties desire to expand this purpose to include the provision of such Financing Services to Snap-on Customers throughout the world. Snap-on, Newcourt and the Company shall use their best efforts to mutually agree on how best to implement this expansion in a manner which is advantageous for both parties from a financial, tax and legal perspective.

ARTICLE VIII
CONDITIONS TO CLOSING

8.01 Conditions to Obligations of Each Party. The obligations of each party to be performed under this Agreement and consummate the transactions contemplated hereby are subject to the satisfaction of the following conditions, unless waived by such party pursuant to Section 13.01 of this Agreement:

(a) Regulatory Approval. The Company shall have been duly formed and organized and either (i) the Company shall have received all licenses, permits and Consents necessary to engage in the Business or (ii) if the Company has not received any license, permit or Consent necessary to provide Financing Services to Snap-on Customers under the Existing Programs, Snap-on and Newcourt shall have agreed to the terms and conditions under which Newcourt or a Newcourt Affiliate shall provide such Financing Services to Snap-on Customers until the Company receives any such

- ------------------------
*Indicates that material has been omitted and confidential treatment has been requested therefor. All such omitted material has been filed separatley with the SEC pursuant to Rule 24b-2.

license, permit or Consent. All Consents of, filings and registrations with, and notifications to, all Regulatory Authorities required for consummation of the transactions contemplated by this Agreement, other than those Consents necessary to engage in the Business, shall have been obtained or made and shall be in full force and effect and all waiting periods required by Law shall have expired. No Consent obtained from any Regulatory Authority which is necessary to consummate the transactions contemplated hereby shall be conditioned or restricted by a Burdensome Condition.

(b) Consents and Approvals. In addition to the Consent of Regulatory Authorities referenced in Section 8.01(a) above, each party

shall have obtained any and all Consents required for formation of the Company and the Newcourt Investment (including, without limitation, the consents identified on Schedules 2.05(a) and 2.05(b) with respect to Snap-on). No Consent so obtained which is necessary to consummate the transactions contemplated hereby shall be conditioned or restricted by a Burdensome Condition.

(c) Legal Proceedings. No court or Regulatory Authority of competent jurisdiction shall have enacted, issued, promulgated, enforced or entered any Law or Order (whether temporary, preliminary or permanent) or taken any other action which prohibits, materially restricts or makes illegal consummation of any of the transactions contemplated by this Agreement.

(d) Initial Annual Operating Plan; Operations Manual. Newcourt and Snap-on shall have agreed to the form and content of the initial Annual Operating Plan and the Credit, Collections and Operations Manual.

8.02. Conditions to Closing.

(a) In addition to the conditions set forth in Section 8.01 hereof, the consummation by Snap-on and the Snap-on Entities of the transactions contemplated hereby is expressly subject to the satisfaction of the following conditions, unless waived by Snap-on pursuant to Section 13.01 of this Agreement:

(i) Each and every warranty and representation of Newcourt contained in this Agreement shall be true and correct as of the date when made and as of the Closing as through made on the date thereof, and an executive officer of Newcourt shall deliver a certificate to that effect to Snap-on at the Closing (the "Newcourt Closing Certificate"), the form of which shall be reasonably acceptable to the parties;

(ii) Newcourt shall have performed and complied in all material respects with each and every agreement, covenant and obligation required by this Agreement to be performed or complied with by it at or prior to the Closing;

(iii) Newcourt shall have made the deliveries contemplated by Section 8.04 hereof;

(iv) * shall have entered into a Resale Agreement, on terms acceptable to Snap-on and Newcourt, with SFS for the purchase by * from SFS and the resale by * of the Financing Contracts owned by SFS immediately prior to the Closing Date (the "Resale Agreement");

(v) Newcourt shall have delivered to Snap-on a representation and warranty regarding the Euro compliant status of its systems in form and substance acceptable to Snap-on in its discretion; and

(vi) Newcourt Credit Group Inc. ("NCG") shall have executed and delivered to Snap-on a guarantee in form and substance acceptable to Snap-on by which NCG guaranties the obligations of the Newcourt Entities under the Operative Documents.

(b) In addition to the conditions set forth in Section 8.01 hereof, the consummation by the Newcourt Entities of the transactions contemplated hereby is expressly subject to the satisfaction of the following conditions, unless waived by Newcourt pursuant to Section 13.01 of this Agreement:

(i) Each and every warranty and representation of Snap-on contained in this Agreement shall be true and correct as of the date when made and as of the Closing as though made on the date thereof, and an executive officer of Snap-on shall deliver a certificate to that effect to Newcourt at the Closing (the "Snap-on Closing Certificate"), the form of which

shall be reasonably acceptable to the parties;

(ii) The Snap-on Entities and the Company shall have performed and complied in all material respects with each and every agreement, covenant and obligation required by this Agreement to be performed or complied with by each of them at or prior to the Closing;

(iii) Snap-on shall have made the deliveries contemplated by Section 8.03 hereof;

(iv) * and SFS shall have entered into the Resale Agreement; and

- ------------------------
*Indicates that material has been omitted and confidential treatment has been requested therefor. All such omitted material has been filed separatley with the SEC pursuant to Rule 24b-2.

(v) Snap-on shall have executed and delivered to Newcourt a guarantee in form and substance acceptable to Newcourt by which Snap-on guaranties the obligations of the Snap-on Entities under the Operative Documents.

8.03. Deliveries by Snap-on. Snap-on shall deliver or cause to be delivered to Newcourt and/or the Company (as applicable), at or prior to the Closing Date, the following, all in form reasonably satisfactory to Newcourt's counsel:

(a) Such certificates and documents of officers of the Snap-on Entities and public officials as shall be reasonably requested by Newcourt's counsel to establish the existence and good standing of the Snap-on Entities and the Company, and the due corporate power and corporate authorization of the Snap-on Entities and the Company to execute and deliver this Agreement and the Operative Documents and to consummate the transactions contemplated hereby and thereby;

(b) The Snap-on Space License, duly executed by relevant Snap-on Entities;

(c) The Snap-on Services Agreement, duly executed by Snap-on;

(d) The Snap-on License Agreement, duly executed by SFS and the Snap-on Consent duly executed by Snap-on, Technologies and SFS;

(e) The Operating Agreement, duly executed by Newco;

(f) The Transfer Agreement, duly executed by the relevant Snap-on Entities;

(g) The Snap-on Closing Certificate;

(h) The Resale Agreement, duly executed by SFS and Creditcorp SPC, LLC;

(i) Program Rights Agreement, duly executed by Snap-on and SCC; and

(j) All other instruments and documents required by this Agreement, any other Operative Document, the Annual Operating Plan, or the Credit, Collections and Operations Manual to be delivered by any of the Snap-on Entities to Newcourt or the Company, including without limitation those documents necessary to complete the formation of the Company as provided herein, and such other instruments and documents which Newcourt or its counsel may reasonably request consistent with the provisions hereof and thereof.

8.04. Deliveries by Newcourt. Newcourt shall deliver or cause to be delivered to Snap-on or the Company (as applicable), at or prior to the Closing, the following, all in form reasonably satisfactory to Snap-on's counsel:

(a) Such certificates and documents of officers of Newcourt and public officials as shall be reasonably requested by Snap-on's counsel to establish the existence and good standing of Newcourt and the due corporate power and corporate authorization of Newcourt to execute and deliver this Agreement and the Operative Documents and to consummate the transactions contemplated hereby and thereby;

(b) The Newcourt Services Agreement, duly executed by Newcourt;

(c) The Operating Agreement, duly executed by Newcourt;

(d) The Subscription Agreement duly executed by Newcourt;

(e) The Funding Agreement duly executed by Newcourt;

(f) The Newcourt Space License, duly executed by the relevant Newcourt Entities;

(g) The Newcourt Closing Certificate;

(h) The Newcourt Systems Agreement duly executed by Newcourt; and

(i) All other instruments and documents required by this Agreement, any other Operative Document, the Annual Operating Plan, or the Credit, Collections and Operations Manual to be delivered by Newcourt to Snap-on or the Company, and such instruments and documents which Snap-on or its counsel may reasonably request consistent with the provisions hereof and thereof.

8.05. Deliveries by the Company. At the Closing, and upon consummation of the Newcourt Investment, Snap-on and Newcourt shall cause the Company to promptly deliver to Newcourt or Snap-on (as applicable) the following:

(a) The Company Supplement, duly executed by the Company;

(b) The Snap-on Services Agreement, duly executed by the Company;

(c) The Newcourt Services Agreement, duly executed by the Company;

(d) The Snap-on Space License, duly executed by the Company;

(e) The Newcourt Space License, duly executed by the Company;

(f) The Snap-on License Agreement, duly executed by the Company;

(g) The Subscription Agreement duly executed by the Company;

(h) The Funding Agreement duly executed by the Company;

(i) The Newcourt Systems Agreement duly executed by the Company;

(j) The Transfer Agreement, duly executed by the Company; and

(k) All other instruments and documents required by this Agreement, any other Operative Document, the Annual Operating Plan or the Credit, Collections and Operations Manual to be delivered by the Company to Newcourt or Snap-on, and such other instruments and documents which Newcourt or Snap-on may reasonably request consistent with the provisions hereof and thereof.

8.06. Covenants to Satisfy Conditions. Newcourt will use all reasonable efforts to ensure that the conditions set forth in Sections 8.01 and 8.02 hereof

are satisfied, and will timely make the deliveries described in Section 8.04. Snap-on will use all reasonably efforts to ensure that the conditions set forth in Sections 8.01 and 8.02 hereof are satisfied, and will timely make the deliveries described in Section 8.03. In addition Snap-on and Newcourt will use all reasonably efforts to cause the Company timely to deliver to Snap-on and Newcourt the items described in Section 8.05 hereof.

ARTICLE IX
INDEMNIFICATION AND LIMITATIONS ON LIABILITY

9.01. Indemnity for Pre-Closing Actions. From and after the date hereof, Snap-on shall indemnify, defend and hold harmless the Company, and its members, officers, directors, agents, representatives, and employees (Snap-on is referred to in this Section 9.01 as the "Indemnifying Party," and the party to whom such indemnification obligation is owed is referred to in this Section 9.01 as the "Indemnified Party"), from and against, any and all actions, claims, losses, costs, Liabilities, and expenses (including reasonable attorneys' fees) resulting from or arising out of any act or omission (occurring entirely before the Closing Date) of any remote or immediate predecessor entity of the Company (including, without limitation, SCC) or any officer, employee or agent of any of them (collectively "Pre-closing Claims") and will promptly reimburse any Indemnified Party for all Pre-closing Claims as incurred in connection with the investigation of, preparation for or defense of any pending or threatened action or proceeding (collectively, "Proceeding"), whether or not such Indemnified Party is a formal party to any such Proceeding. * An Indemnified Party shall not, without the prior written consent of the Indemnifying Party (which consent shall not be unreasonably withheld) settle, compromise or consent to the entry of any judgment in any pending or threatened Proceeding in respect of which indemnification may be sought hereunder (whether or not the Indemnified Party is an actual or potential party to such Proceeding), provided, however, that the Indemnified Party may execute such settlement, compromise or consent to the entry of judgment in any pending or threatened Proceeding if same includes an unconditional release of the Indemnifying Party hereunder from all liability arising out of such Proceeding.

- ------------------------
*Indicates that material has been omitted and confidential treatment has been requested therefor. All such omitted material has been filed separatley with the SEC pursuant to Rule 24b-2.

9.02. Indemnity Under This Agreement. From and after the date hereof, Snap-on shall indemnify, defend and hold harmless the Company and any Newcourt Entity and their respective members, officers, directors, agents, representatives, and employees, and Newcourt shall indemnify, defend and hold harmless the Company, any Snap-on Entity, and their respective members, officers, directors, agents, representatives, and employees (Snap-on and Newcourt are referred to respectively in this Section 9.02 as the case may be as the "Indemnifying Party" and the party to whom such indemnification obligation is owed is referred to in this Section 9.02 as the "Indemnified Party"), from and against any and all actions, claims, losses, costs, Liabilities, and expenses (including reasonable attorneys' fees) resulting from or arising out of any breach by the Indemnifying Party of any representation, warranty, or covenant by such Indemnifying Party in this Agreement (collectively, for purposes of this Section 9.02 only, "Claims") and will promptly reimburse any Indemnified Party for all Claims as incurred in connection with the investigation of, preparation for, or defense of any pending or threatened action or proceeding (collectively, "Proceeding"), whether or not such Indemnified Party is a formal party to any such Proceeding. Notwithstanding the foregoing, the Indemnifying Party shall not be liable (a) for any amount paid by or on behalf of an Indemnified Party in settlement of any Claim without the consent of the Indemnifying Party (which consent shall not be unreasonably withheld), or (b) in respect of any losses, claims, damages, liabilities or expenses that a court of competent jurisdiction shall have determined by final judgment resulted primarily from the bad faith, negligence, or willful misconduct of an Indemnified Party. An Indemnified Party shall not, without the prior written consent of the Indemnifying Party (which consent shall not be unreasonably withheld), settle, compromise or consent to the entry of any judgment in any pending or threatened Proceeding in respect of which indemnification may be sought hereunder (whether or not the Indemnified Party is an actual or potential party to such Proceeding), provided, however, that the Indemnified Party may execute such settlement, compromise or consent to the

entry of judgment in any pending or threatened Proceeding if the same includes an unconditional release of the Indemnifying Party hereunder from all liability arising out of such Proceeding.

9.03. Procedure. Promptly after a party to whom an indemnification obligation is owed hereunder (an "Indemnified Party") receives notice of the commencement of any Proceeding in respect of which indemnification may be sought hereunder, the Indemnified Party will notify the party that is obligated to indemnify hereunder (an "Indemnifying Party"); but the omission to so notify the Indemnifying Party shall not relieve the Indemnifying Party from any obligation hereunder unless, and only to the extent that, such omission results in the Indemnifying Party's forfeiture of substantive rights or defenses. If any such Proceeding shall be brought against the Indemnified Party, the Indemnifying Party shall, upon written notice given reasonably promptly following the Indemnified Party's notice to the Indemnifying Party of any such Proceeding, be entitled to assume the defense thereof at its own expense with counsel chosen by the Indemnifying Party and reasonably satisfactory to the Indemnified Party; provided; however, that any Indemnified Party may, at its own expense, retain separate counsel to participate in such defense.

9.04. Limitation on Liability. IN NO EVENT SHALL ANY PARTY HERETO BE LIABLE TO THE OTHER UNDER ANY THEORY OF TORT, CONTRACT, STRICT LIABILITY, OR OTHER LEGAL OR EQUITABLE THEORY FOR ANY LOST

PROFITS, EXEMPLARY, PUNITIVE,
SPECIAL, INCIDENTAL, INDIRECT OR CONSEQUENTIAL DAMAGES, EACH OF WHICH IS HEREBY EXCLUDED BY AGREEMENT OF THE PARTIES REGARDLESS OF WHETHER ANY PARTY HERETO HAS BEEN ADVISED OF THE POSSIBILITY OF SUCH DAMAGES; PROVIDED, HOWEVER, THAT THE FOREGOING DOES NOT PRECLUDE ANY PARTY FROM BEING INDEMNIFIED AGAINST THIRD-PARTY CLAIMS UNDER ANY OF THE FOREGOING THEORIES OR FOR ANY OF THE FOREGOING DAMAGES.

9.05. * . * .

9.06. Sole Remedies. Snap-on and Newcourt, on behalf of themselves, and, respectively, the Snap-on Entities and the Newcourt Entities, agree that from and after the Closing Date their sole remedies for any breach of any representation, covenant or warranty contained in this Agreement shall be limited to the right of indemnification as and to the extent set forth in this Article IX, and in all events subject to all of the limitations herein, or, in the alternative, the right to terminate the Operating Agreement pursuant to the provisions of Article XII thereof, and the parties waive all and each other remedy available at law or in equity, provided, however, that this limitation shall not apply in respect of any action brought for fraud with an actual intent to deceive or any right to remedies described in Section 13.14 hereof.

ARTICLE X
CONFIDENTIAL INFORMATION; PUBLICITY

10.01. Confidential Information.

(a) The parties agree that any and all technical, financial, operations or business information including, but not limited to, customer data, marketing plans, customer lists, customer information, customer account numbers, the status of any account, pricing information, computer access codes, instruction and/or procedural manuals, SCC's current operating policies and manuals, information prepared for or used in the preparation of the Annual Operating Plan and Credit, Collections and Operations Manual, or financial data of either party ("Information") furnished or disclosed by any party to another party or obtained by any party as a result of its ownership interest in the Company shall be deemed the property of the disclosing party or the Company, as applicable, and when in tangible form, shall be returned by the receiving party to the disclosing party or the Company upon request along with any copies as may be authorized herein.

(b) "Information" shall not include: (1) information previously known to the receiving party free of any obligation to keep it confidential as evidenced by written

- ----------

*Indicates that material has been omitted and confidential treatment has been requested therefor. All such omitted material has been filed separatley with the

records; (2) information that has been or subsequently is made public, through no wrongful act of the receiving party or any third party; or (3) information that is received from a third party without restriction and without breach of this Agreement, other than information provided to such party in connection with its performance of this Agreement or any other Operative Document.

(c) Each party agrees that it shall hold Information in confidence and shall not make disclosure of Information to anyone except such of its employees or third party contractors or agents to whom such disclosure is necessary for the purpose of and as permitted in performance of this Agreement, except in the following circumstances: (i) to the extent necessary to comply with a specific applicable law or the valid final order of a court of competent jurisdiction in which the party making the disclosure or communication shall notify the other party in writing and shall seek confidential and proprietary treatment of the information; (ii) as part of normal reporting or review procedures of such party's Board of Directors, parent company, auditors and attorneys; provided, however, that such persons or entities agree to be bound by the provisions of this paragraph; (iii) to enforce its rights legally under this Agreement in a court of competent jurisdiction; (iv) as is customary in connection with the sale, transfer, pledge, syndication, assignment and/or securitization of Finance Contracts and Financings (and/or any accounts receivable or collateral in connection therewith); or (v) such information as is part of the public domain through disclosure other than by or through such party. Each party shall appropriately notify each employee, contractor, or agent to whom Information is disclosed that any such disclosures are made in confidence and shall be kept in confidence by such employee, contractor, or agent, and shall require any third party contractor or agent to sign a written agreement to maintain the confidentiality of the Information.

(d) If the transactions contemplated by this Agreement are not consummated, the parties shall maintain the confidentiality of Information, and such Information shall not be used to the detriment of the disclosing party or otherwise in any manner, and all such Information (including copies and extracts thereof) shall be returned to the disclosing party immediately upon its written request.

(e) The obligations of the parties hereunder shall survive and be enforceable by temporary and permanent injunctive relief against the breaching party and its employees, officers, directors, agents, representatives, and contractors notwithstanding any termination of this Agreement.

10.02. Confidentiality of Agreement; Publicity.

(a) Except as required by law, the parties shall keep confidential and not disclose, and shall cause their officers, employees, and agents to keep confidential and not disclose, any of the terms and conditions of this Agreement or any of the Operative Documents to any third party without the prior written consent of all other parties.

(b) The obligations of the parties hereunder shall survive and be enforceable by temporary and permanent injunctive relief against the breaching party and its employees, officers, directors, agents, representatives, and contractors notwithstanding any termination of this Agreement.

(c) Each party will consult with the other party prior to issuing any press release or otherwise making any public statement with respect to the transactions contemplated by this Agreement, and will not issue any such release or make any such statement over the reasonable objection of the other party, except as required by law or

the rules and regulations of any relevant securities exchange or quotation system. The initial press release with respect to the execution of this Agreement will be in substantially the form of the attached Exhibit 10.02.

ARTICLE XI
CONCILIATION AND ARBITRATION OF DISPUTES

11.01. Conciliation. In the event of any dispute, claim, question or disagreement arising out of or relating to this Agreement or any Operative Document, other than a matter for which a dispute resolution mechanism is specifically provided in this Agreement (including but not limited to a party's right to seek specific performance, judicial remedies or injunctive relief as provided in Sections 4.04, 10.01, 10.02 or 13.14 hereof) the parties shall use reasonable efforts to settle such dispute, claim, question or disagreement. To this effect, they shall consult and negotiate with each other, in good faith, and, recognizing their mutual interests, attempt to reach a just and equitable solution satisfactory to both parties. If settlement is not otherwise possible within a reasonable time (not to exceed 20 days), the Chief Executive Officers, Chief Financial Officers, or other comparable senior executive officers of Snap-on and Newcourt, respectively, shall become involved in such efforts.

11.02. Arbitration. If the parties do not reach a solution within a period of thirty (30) days after a matter is referred for conciliation, as provided above, the dispute shall be submitted to final and binding arbitration as the sole and exclusive remedy for such dispute. Unless prohibited by applicable law, any claim shall be made by filing a written demand for arbitration within one (1) year following the conduct, act or other event or occurrence first giving rise to the claim; otherwise, the right to any remedy shall be deemed forever waived and lost. The right and duty of the parties to this Agreement to resolve any disputes by arbitration shall be governed exclusively by the Federal Arbitration Act, as amended, and arbitration shall take place according to the commercial arbitration rules of the American Arbitration Association in effect as of the date hereof. The arbitration shall be held at the office of the American Arbitration Association in Chicago, Illinois. Each party will select one arbitrator and the two so chosen will select a third, and failing selection of an arbitrator by either party or by the two chosen by the parties, the arbitrator(s) shall be selected from a panel of neutral arbitrators provided by the American Arbitration Association and shall be chosen by the striking method. The parties each shall bear all of their own costs of arbitration; however, the fees of the arbitrators shall be divided equally between the parties. The arbitrators shall have no authority to amend or modify the terms of this Agreement or any Operative Document. Each party further agrees that, unless such a limitation is prohibited by applicable

law, the other party shall not be liable for punitive or exemplary damages and the arbitrators shall have no authority to award the same. The award or decision by a majority of the arbitrators shall be final and binding on the parties and may be enforced by judgment or order of any court having subject matter jurisdiction in the state where the arbitration took place (an "Arbitration State Court") or by any other court having jurisdiction over the parties. The parties consent to the exercise of personal jurisdiction over them by any Arbitration State Court and to the propriety of venue of any Arbitration State Court for the purpose of carrying out this provision; and they waive any objections that they would otherwise have to the same. No arbitration under this Agreement shall include, by consolidation, joinder or in any other manner, any Person other than the parties hereto or thereto and any Person in privity with or claiming through, in the right of or on behalf of such a party, unless both Snap-on and Newcourt consent in writing. To the extent permitted by applicable law, no issue of fact or law shall be given preclusive or collateral estoppel effect in any arbitration hereunder, except to the extent such issue may have been determined in another proceeding between Newcourt or a Newcourt Entity and Snap-on or a Snap-on Entity or any person in privity with or claiming through, in the right of or on behalf of Newcourt or a Newcourt Entity or Snap-on or a Snap-on Entity.

11.03. Provisional Remedies. Each party shall have the right to seek from an appropriate court provisional remedies including, but not limited to, temporary restraining orders or preliminary injunctions before, during or after arbitration. Neither party need await the outcome of the arbitration before seeking provisional remedies. Seeking any such remedies shall not be deemed to

be a waiver of either party's right to compel arbitration. Any such action shall be brought by the party in the county (or similar political unit) or federal judicial district where the relevant Snap-on Entity resides, or where any property that may be subject of the action is located. The parties consent to the exercise of personal jurisdiction over them by courts located there and to the propriety of venue in such courts for the purpose of carrying out this provision; they waive any objections that they would otherwise have to the same; and they waive the right to have any such action decided by a jury.

11.04. Deadlock Events. Disputes relating to Deadlock Events shall be governed by Section 12.4 of the Operating Agreement.

ARTICLE XII
TERM AND TERMINATION

12.01. Term. This Agreement shall take effect on the date hereof and remain in effect for so long as the Operating Agreement remains in effect or until terminated pursuant to Section 12.02 hereof.

12.02. Termination. This Agreement and the transactions contemplated hereby may be terminated as follows:

(a) By written consent of each of Snap-on and Newcourt;

(b) By either Snap-on or Newcourt, if Newcourt with respect to Snap-on, or any Snap-on Entity with respect to Newcourt, shall have failed to satisfy any of the conditions it is required to satisfy set forth in Article VIII hereof on or before January 3, 1998;

(c) By either Snap-on or Newcourt if the Closing has not occurred by March 31, 1999, provided that the terminating party is not in breach of any material obligation under this Agreement;

(d) Any termination or expiration of the Operating Agreement; or

(e) The dissolution of the Company.

12.03. Effect of Termination. In the event of the termination of this Agreement pursuant to Section 12.02, this Agreement shall become void and have no effect, except that the provisions of Articles IX, X, XI, and XIII, and any other provision necessary to give effect to such surviving provisions, shall survive any such termination.

ARTICLE XIII
MISCELLANEOUS

13.01 Amendments and Waivers. Except as otherwise expressly provided herein, this Agreement shall not be amended or modified in any fashion except by an instrument in writing signed by the parties hereto. Waiver by a party of any condition, or any breach of this Agreement by any other party, shall not be effective unless in a writing signed by the waiving party, and no such waiver shall operate or be construed as the waiver of any conditions other than those expressly identified in the written waiver or of the same or another breach on a subsequent occasion.

13.02. Nonassignability. All terms and provisions of this Agreement shall be binding upon and shall inure to the benefit of the parties hereto and their respective successors and permitted assigns. This Agreement may not be assigned by any party and no Membership Interest in the Company may be Transferred by the Snap-on Entity or Newcourt Entity holding such Interest without the prior written consent of the other party; provided, however, that such consent shall not be required for the assignment by any party of its rights and privileges hereunder to an Affiliate wholly owned, directly or indirectly, by Newcourt or Snap-on, as the case may be (it being understood that no such assignment shall relieve the assigning party of its duties or obligations hereunder).

13.03. No Third Party Beneficiaries. This Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective legal representatives, successors and assigns. Except as set forth in Article IX, this

Agreement is not for the benefit of any other Person, other than the Snap-on Entities, the Newcourt Entities and their respective Subsidiaries, and no other Person, other than the Snap-on Entities, the Newcourt Entities and their respective Subsidiaries, shall have any rights against the parties hereunder.

13.04 Rules of Construction. The headings in this Agreement are inserted only as a matter of convenience and in no way affect the terms or intent of any provision of this Agreement. All defined phrases, pronouns, and other variations thereof shall be deemed to refer to the masculine, feminine, neuter, singular, or plural, as the actual identity of the organization, person, or persona may require. No provision of this Agreement shall be construed against any parties hereto by reason of the extent to which such parties or its counsel participated in the drafting hereof. All references to dollars shall be in United States Dollars.

13.05. Choice of Law. This Agreement is made and entered into under the laws of the State of Wisconsin, and the laws of that State applicable to agreements made and to be performed entirely thereunder (without giving effect to the principles of conflicts of laws thereof) shall govern the validity and interpretation hereof and the performance by parties hereto of their respective duties and obligations hereunder.

13.06. Severability of Provisions. If any provision of this Agreement shall be contrary to the internal laws of Wisconsin or any other applicable law, at the present time or in the future, such provision shall be deemed null and void, but shall not affect the legality of the remaining provisions of this Agreement. This Agreement shall be deemed to be modified and amended so as to be in compliance with applicable law and this Agreement shall then be construed in such a way as will best serve the intention of the parties at the time of the execution of this Agreement

13.07. Counterparts; Delivery. This Agreement may be executed in one or more counterparts. Each such counterpart shall be considered an original and all of such counterparts shall constitute a single agreement binding all the parties as if all had signed a single document. The parties acknowledge that delivery of executed counterparts of this Agreement may be effected by a facsimile transmission or other comparable means, with an original document to be delivered promptly thereafter via overnight courier.

13.08. Entire Agreement. This Agreement (including any schedules, exhibits or other attachments hereto), taken together with the other Operative Documents, constitute the entire agreement among the parties. This Agreement and the other agreements referred to in the preceding sentence supersede all prior and contemporaneous agreements, statements, understandings, and representations of the parties, including, without limitation, the letter of intent dated September 24, 1998. There are no representations, warranties, agreements, arrangements, or understandings, oral or written between the parties relating to the subject matter of this Agreement which are not fully expressed herein. The parties agree that the traditional formulation of the parole evidence rule (whereby extrinsic evidence may not be used to vary or contradict the unambiguous terms of a document that represents a final and complete expression of the parties' agreement) shall govern in any action or proceeding that may ensue concerning this Agreement.

13.09. Last Day for Performance Other Than a Business Day. In the event that the last day for performance of an act or the exercise of a right hereunder falls on a day other than a Business Day, then the last day for such performance or exercise shall be the first

Business Day immediately following the otherwise last day for such performance or such exercise.

13.10. Notices. All notices, requests, consents, or other communications required or permitted to be given under this Agreement shall be in writing, may be delivered in person, by overnight air courier, or by certified or registered mail (return receipt requested with all fees prepaid), and shall be deemed to have been duly given and to have become effective upon the date actually delivered to the parties or their assignees at the following

addresses:

If to Snap-on:

Snap-on Incorporated
10801 Corporate Drive
Pleasant Prairie, Wisconsin 53142
Attention: CFO & General Counsel

If to Newcourt:

CFO & Chief Counsel
Newcourt Financial USA Inc.
2 Gatehall Drive
Parsippany, New Jersey 07054

The persons or addresses to which mailings or deliveries shall be made may be changed from time to time by notice given pursuant to the provisions of this section.

13.11. Waiver of Jury Trial. The parties hereto hereby waive their respective right to trial by jury of any cause of action, claim, counterclaim or cross-complaint in any action, proceeding and/or hearing brought by any party hereto against another party hereto on any matter whatsoever relating to, resulting from, arising out of, or in any way connected with this Agreement, or any amendment or breach hereof, including, without limitation, any claim or injury or damage, or the enforcement of any remedy under any law, statute, or regulation, emergency or otherwise, now or hereafter in effect.

13.12. Expenses.

(a) Except as otherwise specifically provided in this Agreement, each party shall bear and pay all direct costs and expenses incurred by it or on its behalf in connection with the transactions contemplated hereunder, including filing, registration and applicable fees, printing fees, and fees and expenses of its own financial or other consultants, investment bankers, accountants, and counsel. Notwithstanding the foregoing, any expenses incurred by any Snap-on Entity or any Newcourt Entity on behalf of or for the benefit of the Company which are agreed upon in advance and provided for in the Annual Operating Plan shall be paid by the Company as provided in subsection (b) below. All expenses related to relocation and severance of employees of any Snap-on Entity in connection with the transactions contemplated herein shall be incurred by the relevant Snap-on Entity. Similarly, all expenses related to relocation

and severance of any employees of any Newcourt Entity in connection with the transactions contemplated herein shall be incurred by the relevant Newcourt Entity.

(b) Any "System Expenses" incurred by any Snap-on Entity or any Newcourt Entity shall be paid by the party incurring them and shall be treated as a working capital loan by such party to the Company. Such System Expense loans will accrue interest at an annual interest rate of seven percent (7%) or such other commercially reasonable rate as shall be agreed by Snap-on and Newcourt. The Company shall make quarterly payments of interest and principal with respect to such System Expense loans, which loans shall be amortized over the period ending at the end of the Initial Term. For purposes of this Agreement, "System Expenses" shall consist of any costs incurred directly or indirectly by any Newcourt Entity or Snap-on Entity in connection with the development of the software system referred to in Section 7.05(a) hereof, any costs treated as a System Expenses in Sections 5.01, 6.01, or 7.11, hereof or elsewhere in the Operative Documents, and any direct out-of-pocket, non-personnel costs incurred by any Newcourt Entity or any Snap-on Entity in connection with the preparation and delivery of the items listed at Section 7.13 hereof.

13.13. Further Assurances. The parties hereto from time to time after execution of this Agreement, without further consideration, shall execute and deliver, as appropriate, such documents and take such actions as may be reasonably necessary or proper to carry out and consummate the transactions contemplated by this Agreement.

13.14. Enforcement of Agreement. The parties hereto agree that irreparable damage would occur in the event that any of the provisions of this Agreement was not performed in accordance with its specific terms or was otherwise breached. It is accordingly agreed that the parties shall be entitled to an injunction or injunctions to prevent breaches of this Agreement and to enforce specifically the terms and provisions hereof in any court of the United States or any state having jurisdiction; provided, however, that the foregoing shall not be construed as prohibiting any party from pursuing any other rights and remedies available to it for such breach or threatened breach.

13.15. Force Majeure. Neither party shall be liable for defaults or delays due to acts of God or the public enemy, acts or demands of government or any government agency, strikes, fires, flood, accident, or other unforeseeable causes beyond its control and not due to its fault or negligence. Any party desiring to excuse its default or delay for any such reason shall notify the other party of the cause of such default or delay within five (5) days after the beginning thereof.

13.16. Brokers and Finders. Each of the parties represents and warrants that neither it nor any of its officers, directors, employees, or Affiliates has employed any broker or finder or incurred any Liability for any financial advisory fees, brokerage fees, commissions, or finders' fees in connection with this Agreement or the transactions contemplated hereby. In the event of a claim by any broker or finder based upon his or its representing or being retained by or allegedly representing or being retained by any party,

such party agrees to indemnify and hold each other party harmless of and from any Liability in respect of such claim.

13.17. Relationship of Parties. Nothing contained in this Agreement shall be construed as constituting a partnership or agency relationship between the parties hereto. On and after the Closing Date, the relationship of the parties one to another for all purposes shall be that of independent members of a limited liability company.

[Signature Pages Follow]

IN WITNESS WHEREOF the undersigned hereto execute this Agreement.

"SNAP-ON"
SNAP-ON INCORPORATED:

By: /s/ Donald S. Huml

Donald S. Huml
Chief Financial Officer
Snap-on Incorporated

"NEWCOURT"
NEWCOURT FINANCIAL USA INC.:

By: /s/ Robert J. Hicks

Robert J. Hicks
Executive Vice President

AGREEMENT RESPECTING A LIMITED LIABILITY COMPANY
DESCRIPTION OF ATTACHMENTS+

Exhibits:

Exhibit A	Definitional Supplement
Exhibit 4.02(c)	Form of Operating Agreement
Exhibit 5.04	Form of Snap-on License and Royalty Agreement
Exhibit 6.03	Funding Term Sheet

Schedules:

Schedule 1.01	Newcourt Trademarks and Processing Systems
Schedule 1.02	Newcourt Organization; Jurisdiction
Schedule 2.01	Snap-on Trademarks
Schedule 2.05(a)	Snap-on Entity Regulatory/Third Party Consents
Schedule 2.05(b)	Snap-on Regulatory/Third Party Consents
Schedule 2.08	Material Litigation
Schedule 2.09	Material Contracts
Schedule 4.01(a)	Program Rights Agreement
Schedule 5.01	Regulatory Approvals

- --------

+ The exhibits and schedules to this document are not being filed herewith. The registrant agrees to furnish supplementally a copy of any such schedule or exhibit to the Securities and Exchange Commission upon request.

Exhibit No. 2.2

SNAP-ON CREDIT LLC
(a Delaware limited liability company)

AMENDED AND RESTATED

OPERATING AGREEMENT

January 3, 1999

THE LIMITED LIABILITY COMPANY INTERESTS IN THE COMPANY REPRESENTED BY THIS OPERATING AGREEMENT HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, OR UNDER ANY APPLICABLE STATE SECURITIES LAWS. THE INTERESTS ARE RESTRICTED SECURITIES WITHIN THE MEANING OF RULE 144 PROMULGATED UNDER THE SECURITIES ACT OF 1933. AS A RESULT, THE INTERESTS MAY NOT BE SOLD, ASSIGNED, PLEDGED, OR OTHERWISE DISPOSED OF AT ANY TIME WITHOUT EFFECTIVE REGISTRATION UNDER SUCH ACT AND LAWS (OR EXEMPTION THEREFROM) AND COMPLIANCE WITH THE OTHER SUBSTANTIAL RESTRICTIONS ON TRANSFERABILITY SET FORTH IN ARTICLE 8 OF THIS OPERATING AGREEMENT, UNLESS OTHERWISE SPECIFICALLY PERMITTED IN WRITING BY THE MEMBERS.

TABLE OF CONTENTS

- ----------

* Indicates that material has been omitted and confidential treatment has been requested therefor. All such omitted material has been filed separately with the SEC pursuant to Rule 24b-2.

OPERATING AGREEMENT

ARTICLE 1. GENERAL PROVISIONS

Section 1.1 Name. The name of the Company is Snap-on Credit LLC.

Section 1.2 Registered Office and Agent.

(a) Office and Agent. The Company's registered office shall initially be 1209 Orange Street, Wilmington, Delaware 19801, and the Company's registered agent shall be Corporation Trust Company, whose address is 1209 Orange Street, Wilmington, Delaware 19801. The Company's principal place of business is Kenosha, Wisconsin, with intentions to move to Gurnee, Illinois, upon completion of acceptable facilities. The Board of Directors may establish additional offices or may relocate the principal or registered offices. The Members shall be given prompt notice of any relocation of the principal or registered offices of the Company.

(b) Filing on Change. Upon the appointment of a new registered agent or the change of the registered office, the Board of Directors shall file or cause the filing of the document required by section 18-104(b) of the Act as appropriate to the circumstances.

Section 1.3 General Purpose. The Company's general purpose and business is to provide financing under existing and future credit programs to Subsidiaries and Affiliates of Snap-on and the Snap-on Customers in the U.S. and other countries around the world, to manage such credit programs, to engage in any other legal purpose as agreed to from time to time by the Board of Directors, and to engage in any and all general business activities related or incidental thereto, and the Company shall have all powers necessary or appropriate to that business.

Section 1.4 Term. The Company's term officially began on October 26, 1998, formalized by the filing of the Articles and the execution of the initial Operating Agreement of the Company (which is amended and restated herein in its entirety) and shall continue until the date five (5) years after the Closing Date unless terminated earlier by operation of Law or by some provision of this Operating Agreement. The Company's term and this Operating Agreement shall be automatically renewed for a five (5) year Renewal Term at the end of the Initial Term unless Snap-on delivers written notice to SCL Holding Company ("Newcourt Sub") at least six months prior to the scheduled expiration date of the Initial Term that the term will not be extended beyond the Initial Term. Following the first five (5) year Renewal Term, the Company's term and this Operating Agreement shall be automatically renewed for successive one (1) year terms at the end of each such Renewal Term unless either Member delivers written notice to the other member at least six (6) months prior to the scheduled expiration of the current Renewal Term that the term will not be extended beyond the current Renewal Term.

Section 1.5 Foreign Qualification. The Board of Directors shall cause the Company to comply, to the extent procedures are available and those matters are reasonably within the control of the Board of Directors, with all requirements necessary to qualify the Company as a foreign limited liability company in all applicable jurisdictions. Each Member shall execute, acknowledge, swear to, and deliver all certificates and other instruments conforming with this Operating Agreement that are necessary or appropriate to qualify, continue, and terminate the Company as a foreign limited liability company in all such jurisdictions in which the Company may conduct business.

ARTICLE 2. MEMBERS

Section 2.1 Members. The names and business addresses of the Members of the Company are set forth on Schedule 2.1 hereto.

Section 2.2 Admission of Additional Members. Additional Members may be admitted to the Company upon the unanimous written consent of the Board of Directors.

Section 2.3 Membership Interest. Except as set forth herein, all Membership Interests shall have identical preferences, limitations, voting and other relative rights.

ARTICLE 3. CAPITAL CONTRIBUTIONS

Section 3.1 Initial Capital Contributions. The Members (or their predecessors) have made the Capital Contributions set forth on Schedule 3.1 in exchange for the Membership Interest set forth opposite their names in that schedule.

Section 3.2 Additional Capital Contributions. Except upon the unanimous written consent of the Members and except as provided in Section 3.8, the Members shall not be required to make any additional Capital Contributions or loans to the Company.

Section 3.3 Capital Accounts. There shall be established and maintained with respect to each Member a Capital Account which shall initially be equal to the Value of such Member's initial Capital Contribution as set forth in Section 3.3(f). Thereafter, each Member's Capital Account will be adjusted as follows:

(a) Credits. Each Member's Capital Account shall be increased by (i) the amount of money contributed by such Member, (ii) the fair market value of property contributed by such Member (net of liabilities secured by such contributed property that the Company is considered to assume or take subject to under Code Section 752), (iii) allocations to such Member, pursuant to Article 5, of Profits, and (iv) to the extent not already netted out under clause (b)(ii) below, the amount of any Company liabilities assumed by such Member or which are secured by any property distributed to such Member.

(b) Debits. Each Member's Capital Account shall be decreased by (i) the amount of money distributed to such Member, (ii) the fair market value of property distributed to such Member (net of liabilities secured by such distributed property that such Member is

considered to assume or take subject to under Code Section 752), (iii) allocations to such Member, pursuant to Article 5, of Losses, and (iv) to the extent not already netted out under clause (a)(ii) above, the amount of any liabilities of the Member assumed by the Company or which are secured by any property contributed by such Member to the Company.

(c) Transfers. If any Member Transfers its Membership Interest in accordance with the terms of this Operating Agreement, the Transferee shall succeed to the Transferor's Capital Account to the extent that it relates to the Transferred Membership Interest.

(d) Book Basis Adjustments. In the event of (i) an additional Capital Contribution by a Member of more than a de minimis amount which results in a shift in Membership Interests, (ii) the distribution by the Company to a Member of more than a de minimis amount of property as consideration for a Membership Interest, or (iii) the liquidation of the Company within the meaning of Treasury Regulation Section 1.704-1(b)(2)(ii)(g), the book basis of the Assets of the Company shall be adjusted to fair market value and the Capital Accounts of all the Members shall be adjusted simultaneously to reflect the aggregate net adjustment to book basis as if the Company recognized gain and loss equal to the amount of such aggregate net adjustment; provided, however, that the adjustments resulting from clause (i) or (ii) above shall be made only if the Board of Directors determines that such adjustments are necessary or appropriate to reflect the relative economic interests of the Members.

(e) Additional Adjustments. In the event that Assets of the Company are subject to Code Section 704(c) or are revalued on the books of the Company in accordance with the preceding paragraph pursuant to Treasury Regulation ss.1.704-1(b)(2)(iv)(f), the Members' Capital Accounts shall be adjusted in accordance with Treasury Regulation ss.1.704-1(b)(2)(iv)(g) for allocations to the Members of depreciation, amortization and gain or loss as computed for book purposes (and not tax purposes) with respect to such Assets.

(f) Initial Value of Assets. The Members have agreed that the Value of the Assets contributed by Newco (or its predecessor) as its initial Capital Contribution pursuant to Section 3.1 to the Company in exchange for its original Membership Interest is $1,000,000 (the "Initial Value"). Upon consummation of the Newcourt Investment, Newcourt Sub's Capital Account was and is equal to the

Initial Value and Snap-on's Capital Account was and is equal to the Initial Value.

Section 3.4 Return of Capital Contributions. No Member shall be entitled to withdraw or to a return of any portion of its Capital Contributions, except as provided in Section 9.3 below. No Member shall have the right to demand and receive property other than cash in return for contributions except that upon dissolution, the Member shall be entitled to share in the distribution of remaining Assets of the Company in accordance with Article 9 of this Operating Agreement. No Member shall have any priority over any other Member with respect to the return of the Members' Capital Contributions.

Section 3.5 No Interest on Capital Account. No interest shall be due from the Company on any Capital Contribution or any Capital Account.

Section 3.6 Limitation on Member's Deficit Makeup. The Members shall have no obligation to restore any deficit in their Capital Accounts.

Section 3.7 Start-up Loans. In the event the Board of Directors determines that additional funds are necessary for the operation of the Company, then Newcourt Sub shall, upon request by the Company, lend such funds to the Company upon such terms and conditions as may be agreeable to the Company and Newcourt Sub.

ARTICLE 4. DISTRIBUTIONS

Section 4.1 Current Distributions.

(a) Cash Distributions. To the extent permitted by Section 4.1(c) below and applicable law, and consistent with the Company's obligations to its creditors, the Company shall make Distributions on January 31, April 30, July 31 and October 31 of each year. The aggregate amount of each such Distribution made on a given date shall be the amount that the Board of Directors determines to be * as of the end of the fiscal quarter that ends immediately prior to such date. Such Distributions shall be made to the Members in proportion to the Membership Interest owned by each Member. * at any time means (i) * .

(b) Other Distributions. At such times and in such form as determined by the Board of Directors, Distributions shall be made to the Members (in addition to the Distributions described in Section 4.1(a) above) in proportion to the Membership Interest held by each. After March 31, 1999, the Board of Directors shall review the capital needs of the Company and shall return to the Members an amount of capital * , in the aggregate, subject to the Company's capital needs.

(c) Distribution Restrictions. The Company shall make no Distribution if, and to the extent, that after effecting such Distribution, the Company would not be able to pay its debts as they become due in the usual course of business, or the fair value of the Company's total assets would be less than the sum of its total liabilities.

Section 4.2 Liquidating Distribution. If the Company is liquidated pursuant to Article 9 below, the Assets to be distributed pursuant to Section 9.3(c) below shall be distributed to the Members in accordance with their positive Capital Account balances, after taking into account the allocations of all Profits and Losses pursuant to this Operating

- ------------
*Indicates that material has been omitted and confidnetial treatment has been requested therefor. All such omitted material has been filed separately with the SEC pursuant to Rule24b-2.

Agreement for the year of liquidation and all adjustments to the Members' Capital Accounts under Article 3 above.

Section 4.3 Amounts Withheld. Notwithstanding any other provision of this Operating Agreement to the contrary, the Board of Directors may take any

action it deems necessary or appropriate to cause the Company to comply with any applicable withholding requirements imposed under any federal, state, local, or foreign tax law. Any amount withheld pursuant to any provision of federal, state, local, or foreign tax law with respect to any Distribution to a Member shall itself be treated as an amount distributed to the Member pursuant to this Article 4. If the Company is required to withhold and pay over to any taxing authority amounts with respect to a Member's share of items of Company income (including amounts withheld under section 1446 of the Code), such payment by the Company shall constitute a loan to such Member that is repayable by the Member on demand, together with interest at the applicable federal rate determined from time to time under section 7872(f)(2) of the Code or the maximum rate permitted under applicable law, whichever is less, calculated upon the outstanding principal balance of such loan as of the first day of each month. Any such loan shall be repaid to the Company, in whole or in part, as determined by the Board of Directors, in its sole discretion, either (i) out of any Distributions from the Company which the Member is (or becomes) entitled to receive, or (ii) by the Member in cash upon demand by the Board of Directors (said Member bearing all of the Company's costs of collection, including reasonable attorneys' fees, if payment is not remitted promptly by the Member after such a demand for payment). Each Member agrees to cooperate fully with all efforts of the Company to comply with its tax withholding and information reporting obligations and agrees to provide the Company with such information as the Board of Directors may reasonably request from time to time in connection with such obligations.

ARTICLE 5. ALLOCATION OF PROFITS AND LOSSES

Section 5.1 Profits and Losses. Except as provided below in this Article 5, for tax and accounting purposes, the Company's Profits, Losses, deductions and credits shall be allocated among the Members in proportion to the Membership Interest held by each.

Section 5.2 Special Allocations

(a) Qualified Income Offset. Notwithstanding the allocations provided in Section 5.1 and except as otherwise provided in this Section 5.2, in the event that any Member receives an unexpected allocation of Loss or deduction or an unexpected distribution as described in Treasury Regulation ss.1.704-1(b)(2)(ii)(d)(4), (5) or (6) which results in a deficit balance in such Member's Capital Account (after taking into account reductions for the items set forth in Treasury Regulation ss.1.704-1(b)(2)(ii)(d)(4), (5) or (6)) in excess of (i) the amount such Member is obligated to restore, if any, and (ii) the amount such Member is deemed to be obligated to restore pursuant to the penultimate sentence of Treasury Regulation ss.1.704-2(g)(1) and ss.1.704-2(i)(5), such Member shall be allocated items of gross income or gain in the amount necessary to eliminate such excess as quickly as possible. This provision is intended to satisfy the definition of "qualified income offset," as defined in Treasury Regulation ss.1.704-1(b)(2)(ii)(d).

(b) Minimum Gain. Notwithstanding the allocations provided in Section 5.1 and except as otherwise provided in this Section 5.2, if there is a net decrease in Company Minimum Gain during any fiscal year, each Member shall be allocated items of gross income and gain for such fiscal year and, if necessary, for subsequent fiscal years, in an amount equal to such Member's share of the net decrease in such Company Minimum Gain, determined in accordance with Treasury Regulation ss.1.704-(2)(g)(2). This provision is intended to satisfy the definition of a "minimum gain chargeback" as defined in Treasury Regulation ss.1.704-2(f), and the term "Company Minimum Gain" shall have the meaning ascribed to the term "partnership minimum gain" in Treasury Regulation ss.1.704-2(d).

(c) Gross Income Allocation. Notwithstanding the allocations provided in Section 5.1 and except as otherwise provided in this Section 5.2, in the event any Member has a deficit Capital Account at the close of any Fiscal Year which is in excess of the sum of (i) the amount such Member is obligated to restore pursuant to any provision of this Agreement, and (ii) the amount such Member is deemed to be obligated to restore pursuant to the penultimate sentences of Treasury Regulation ss.1.704-2(g)(1) and ss.1.704-2(i)(5), each Member shall be specially allocated items of gross income and gain in the amount of such excess as quickly as possible, provided that an allocation pursuant to this Section 5.2(c) shall be made only if and to the extent that such Member would have a deficit Capital Account in excess of such sum after all other

allocations provided for in this Section 5.2 have been made as if Section 5.2(a) and this Section 5.2(c) were not in this Operating Agreement.

(d) Member Nonrecourse Deductions and Member Nonrecourse Debt Minimum Gain. Notwithstanding the allocation provided for in Section 5.1 and except as otherwise provided in this Section 5.2, any Member Nonrecourse Deduction, defined as having the meaning ascribed to the term "partner nonrecourse deduction" in Treasury Regulation ss.1.704-2(i)(2), for any Fiscal Year shall be allocated to the Member which bears the economic risk of loss in accordance with Treasury Regulation ss.1.704-2(i)(1), and if there is a net decrease in Member Nonrecourse Debt Minimum Gain during any Fiscal Year, each Member shall be allocated items of gross income and gain for such Fiscal Year and, if necessary, for subsequent Fiscal Years, in an amount equal to such Member's share of the net decrease in such Member Nonrecourse Debt Minimum Gain, determined in accordance with Treasury Regulation ss.1.704-2(i)(4). This provision is intended to comply with the chargeback provisions of Treasury Regulation ss.1.704-2(i)(4), and the term "Member Nonrecourse Debt Minimum Gain" shall have the meaning ascribed to the term "partner nonrecourse debt minimum gain" in Treasury Regulation ss.1.704-2(i)(3).

(e) Company Nonrecourse Deductions. Notwithstanding the allocations provided for in Section 5.1 and except as otherwise provided in this Section 5.2, any Company Nonrecourse Deductions, defined as having the meaning ascribed to the term "partnership nonrecourse deductions" in Treasury Regulation ss.1.704-2(c), for any Fiscal Year shall be allocated to the Members in accordance with their Membership Interests as provided under Treasury Regulation ss.1.704-2(e).

(f) Limitation on Loss Allocations. The Losses allocated pursuant to Section 5.1 shall not exceed the maximum amount of Losses that can be allocated without

causing any Member to have a deficit balance in such Member's Capital Account at the end of any Fiscal Year (decreased by the amount such Member is obligated to restore to the Company and the amount such Member is deemed to be obligated to restore pursuant to the penultimate sentences of Treasury Regulation ss.1.704-2(g)(1), and ss.1.704-2(i)(5), and increased by the items set forth in Treasury Regulation ss.1.704-2(b)(2)(ii)(d)(4), (5) or (6)). All Losses in excess of the limitation set forth in this paragraph shall be allocated among the Member or Members, pro-rata, to the extent each, respectively, is liable, exposed or otherwise bears the economic risk of loss with respect to any debt or other obligation of the Company.

(g) Curative Allocations. The allocations set forth in Sections 5.2(a), (b), (c), (d), (e) and (f) (the "Regulatory Allocations") are intended to comply with certain requirements of Treasury Regulations ss.1.704-1 and ss.1.704-2. Notwithstanding any other provision of this Article 5 (other than the Regulatory Allocations), the Regulatory Allocations shall be taken into account in allocating Profits and Losses and items of gross income, gain and deduction among the Members so that, to the extent possible, the net amount of such allocations to the Members shall be equal to the net amount that would have been allocated to the Members if the Regulatory Allocations had not occurred.

Section 5.3 Section 704(c) and Revaluation Allocations. In accordance with Code Section 704(c) and the Treasury Regulations thereunder, income, gain, loss and deduction with respect to any property contributed to the capital of the Company shall, solely for tax purposes, be allocated among the Members so as to take account of any variation between the adjusted basis of such property to the Company for federal income tax purposes and its fair market value at the time of contribution. In the event of a revaluation, subsequent allocations of income, gain, loss and deduction with respect to such property shall take account of any variation between the adjusted basis of such property to the Company for federal income tax purposes and its fair market value immediately after the adjustment in the same manner as under Code Section 704(c) and the Treasury Regulations thereunder. Any elections or other decisions relating to such allocations shall be made by the Board of Directors in a manner that reasonably reflects the purpose and intention of this Agreement. Allocations pursuant to this Section 5.3 are solely for income tax purposes and shall not affect, or in any way be taken into account in computing, for book purposes, any Member's Capital Account or share of Profit or Loss, pursuant to any provision of this Operating Agreement. The Tax Matters Member shall have no authority to

make any allocation without prior approval of the Board of Directors.

Section 5.4 General Allocation Provisions. Except as otherwise provided in this Operating Agreement, all items that are components of Profits or Losses shall be allocated among the Members in the same proportions as they share such Profits or Losses, as the case may be, for the year. For purposes of determining the Profits, Losses or any other items for any period, Profits, Losses or any such other items shall be determined on a daily, monthly or other basis, as determined by the Board of Directors using any permissible method under the Code and the Treasury Regulations.

ARTICLE 6. MANAGEMENT

Section 6.1 Management of the Business. The management of the Company shall be vested in a Board of Directors. The powers of the Company shall be exercised by or under the authority of, and the business and affairs of the Company shall be managed under the direction of, the Board of Directors. Except as otherwise provided in this Operating Agreement, the Board of Directors shall have full, exclusive, and complete power to manage and control the business and affairs of the Company and shall have all of the rights and powers provided to a manager of a limited liability company by law.

Section 6.2 Election of Board Members. The initial Board of Directors shall consist of six (6) individuals (each a "Board Member"). Newco shall elect three (3) individuals (the "Newco Members") to the Board of Directors. Newcourt Sub shall elect three (3) individuals (the "Newcourt Members") to the Board of Directors. The initial Newco Members and Newcourt Members are set forth on Schedule 6.2 attached hereto. Each individual elected by Newco may be removed by Newco at any time, with or without cause, upon written notice to the Members. Each individual elected by Newcourt Sub may be removed by Newcourt Sub at any time, with or without cause, upon written notice to the Members. An individual who serves on the Board of Directors may voluntarily resign at any time by delivering written notice to the Members. If an individual serving on the Board of Directors dies, resigns or is removed pursuant to this Section 6.2, Newco or Newcourt Sub, as the case may be, shall designate a replacement individual to serve on the Board of Directors within five (5) Business Days of such removal or resignation, and shall give the Members written notice of such designation.

Section 6.3 Rights and Powers of Board of Directors.

(a) Meetings.

(i) General Meetings. Subject to the notice requirement set forth below, meetings of the Board of Directors may be called at any time by any Member and shall be held at the Company's principal office unless otherwise agreed upon by the Members. Written notice stating the date, time and place of the meeting shall be given to each Member and each Board Member not fewer than three (3) nor more than sixty (60) days before the date of such meeting. Such notice shall specify the purpose for which the meeting is called and any issues that are proposed to be discussed or voted upon at such meeting.

(ii) Operational Meetings. In the event that a meeting of the Board of Directors is held for the purpose of amending the then current Annual Operating Plan or Credit, Collections and Operations Manual (an "Operations Meeting"), a written notice stating the date, time and place of an Operations Meeting shall be given to each Member, each Board Member and the in-house legal counsel of each Member not fewer than three (3) nor more than sixty (60) days before the date of such Operations Meeting. Such notice shall specify the specific amendment to the then current Annual Operating Plan or Credit, Collections and Operations Manual which is

proposed to be discussed and voted upon at such Operations Meeting. Failure to give such notice shall not affect any action taken by the Board of Directors at such Operations Meeting.

(b) Waiver of Notice. Any Board Member may waive notice of any meeting, before or after the meeting. Except as set forth below, the waiver must be in writing, signed by the Board Member entitled to the notice and delivered to the General Manager of the Company for inclusion in the minutes or filing with the Company's records. A Board Member's attendance at or participation in a meeting waives any objection to lack of notice or defective notice of the meeting unless the Board Member at the beginning of the meeting, or promptly upon arrival, objects to holding the meeting or to transacting business at the meeting and does not thereafter vote for or assent to action taken at the meeting.

(c) Quorum. Except as otherwise provided herein, or as otherwise consented to in writing by each Member, a quorum for the transaction of business at any meeting of the Board of Directors requires the presence at such meeting, in person or by proxy, of three Newco Members and at least two Newcourt Members.

(d) Proxy. Any Board Member may grant any other Board Member a proxy to vote in his or her stead. Any such proxy shall be revocable at will, even if the proxy purports to provide otherwise.

(e) Voting of Board of Directors. All decisions of the Board of Directors shall be made by the unanimous vote of the Board Members present in person or by proxy, including, without limitation, the removal, appointment or election of the General Manager. No issue shall be voted on by the Board of Directors unless notice of the issue is given or such notice is waived by any Board Member not receiving such notice, all as set forth above in this Section 6.4. In the event of a Deadlock Event, such matter shall be resolved pursuant to the provisions set forth in Section 12.4 hereof.

(f) Reliance by Third Parties. Any person, other than a Member or any of its Affiliates, dealing with the Company may rely on the authority of the Board of Directors or the General Manager acting in accordance with the terms of this Operating Agreement in taking any action that is in the name of the Company without inquiry into the provisions of this Operating Agreement or compliance therewith. Every instrument purporting to be the action of the Company and executed by the Board of Directors or the General Manager acting in accordance with the terms of this Operating Agreement shall be conclusive evidence in favor of any person relying thereon or claiming thereunder that, at the time of delivery thereof, this Operating Agreement was in full force and effect and that the execution and delivery of that instrument is duly authorized by the Board of Directors and the Company.

(g) Action Without Meeting. Any action required or permitted by this Operating Agreement or by law to be taken at a meeting of the Board of Directors may be taken without a meeting if a written consent or consents, describing the action so taken, is signed by all of the Board Members entitled to vote with respect to the subject matter thereof and delivered to the Company for inclusion in the Company's records.

(h) Telephonic Meetings. Except as herein provided and notwithstanding any place set forth in the notice of the meeting or this Operating Agreement, the Board of Directors and any committees thereof may participate in regular or special meetings by, or through the use of, any means of communication by which (i) all participants may simultaneously hear each other, such as by telephone conference, or (ii) all communication is immediately transmitted to each participant, and each participant can immediately send messages to all other participants.

(i) Indemnification. The Company shall, to the maximum extent provided by law, indemnify, defend, and hold harmless the Board of Directors, each Board Member, the General Manager, the Company's officers and the Members and their respective Affiliates (each, an "Actor"), to the extent of the Company's assets, for, from, and against any liability, damage, cost, expense, loss, claim, or judgement incurred by the Actor arising out of any claim based upon acts performed or omitted to be performed by the Company, its Board of Directors, any Board Member, its Members, or any of its or their agents in connection with the business of the Company acting in their capacity as a Member, Board Member, General Manager or officer of the Company, including without limitation, attorneys' fees and costs incurred by the Actor in settlement or defense of such claims. Notwithstanding the foregoing, no Actor shall be so indemnified, defended, or held harmless for claims based upon its acts or omissions in the breach of this Operating Agreement or which constitute fraud, willful misconduct, or breach of fiduciary duty to the Company or to the Members.

Amounts incurred by an Actor in connection with any action or suit arising out of or in connection with Company affairs shall be reimbursed by the Company if such action or suit does arise in a matter for which indemnification is available under this Section 6.3 (provided that the Company shall in all events advance expenses of defense but only if the Actor undertakes in writing to repay the advanced funds to the Company if the Actor is finally determined by a court of competent jurisdiction to not be entitled to indemnification pursuant to the provisions of this Section 6.3). Each Board Member shall sign and have the benefit of an indemnification agreement with the Company giving such Board Member a direct contractual right to indemnification, as provided herein.

(j) Indemnification Claims by Company against Members and Affiliates. Notwithstanding any other provision of this Operating Agreement to the contrary, the following procedures shall govern the Company's assertion and prosecution of any indemnification claim by the Company against a Member or any of its Affiliates:

(i) any Board Member who believes such a claim exists shall provide written notice of such claim to all other Board Members and request a meeting of the Board of Directors with respect to such claim;

(ii) at such meeting the Board of Directors shall determine how to handle such claim; and

(iii) if either Member disagrees with the Board of Directors' determination (or lack thereof) with respect to such matter, then the Member shall have the option to submit the Board of Directors' determination (or lack thereof) to dispute

resolution in accordance with the provisions set forth in Article XI of the Agreement Respecting a Limited Liability Company.

Section 6.4 Officers.

(a) Appointment. The Board of Directors may appoint officers, managers or agents of the Company and may delegate to such officers, managers or agents all or part of the powers, authorities, duties or responsibilities possessed by or imposed on the Board of Directors pursuant to this Operating Agreement, except those specifically described in Section 6.5. The officers of the Company may consist of a "General Manager", one or more "Vice Presidents," a Treasurer, a Secretary, and such other officers as the Board of Directors may from time to time appoint. A single Person may hold more than one office. The officers shall be appointed and may be removed from time to time by the Board of Directors. Each officer shall hold office until his successor is chosen, or until his death, resignation or removal from office.

(b) Powers and Duties. Each of such officers shall have such powers and duties with respect to the business and other affairs of the Company, and shall be subject to such restrictions and limitations, as are described below or otherwise prescribed from time to time by the Board of Directors, provided, however, that each officer shall at all times be subject to the direction and control of the Board of Directors in the performance of such powers and duties.

(i) Subject to Section 6.5, the General Manager of the Company shall have all general executive rights, powers, authority, duties and responsibilities with respect to the management and control of the business and other affairs of the Company. Subject to Section 6.5, the General Manager shall have full power and authority to bind the Company and to execute any and all contracts, agreements, instructions or other documents for and on behalf of the Company. The initial General Manager shall be Ned Brooks and he shall serve as General Manager until his death, resignation or removal from office by the Board of Directors.

(ii) Each Vice President of the Company shall have such duties and responsibilities with respect to the conduct of the business and other affairs of the Company as are assigned from time to time by the Board of Directors or the General Manager; provided, however, that each Vice President shall at all times be subject to the direction and oversight of the General Manager. Subject to Section 6.5, each Vice President of the Company shall have full power and authority to bind the Company and to execute any and all contracts, agreements, instruments or other documents for and on behalf of the Company.

(iii) Subject to the supervision and control of the General Manager (and such of the Vice Presidents of the Company as may be designated by the Board of Directors or the General Manager), the Treasurer of the Company shall have responsibility for the custody and control of all funds of the Company and shall have

such other powers and duties as may from time to time be assigned by the General Manager.

(iv) Subject to the supervision and control of the General Manager (and such of the Vice Presidents of the Company as may be designated by the Board of Directors or the General Manager), the Secretary of the Company shall prepare and maintain all records of Company proceedings and may attest the signature of any authorized officer of the Company on any contract, agreement, instrument or other document and shall have such other powers and duties as may from time to time be assigned by the General Manager.

Only the General Manager and a Vice President of the Company shall have the power and authority to bind the Company and to execute a contract, agreement, instrument or other document for and on behalf of the Company; neither the Treasurer, nor the Secretary of the Company shall have any power or authority to bind or sign on behalf of the Company (unless such Person is also a Vice President of the Company, in which case, such power or authority must be exercised in his capacity as Vice President). Notwithstanding the above, the Board of Directors may establish from time to time limits of authority for any or all of the Company's officers with respect to the execution and delivery of negotiable instruments or contracts for and on behalf of the Company.

Section 6.5 Matters Reserved Exclusively to Board of Directors. Notwithstanding any delegation of authority by the Board of Directors allowed under Section 6.4, the Company shall not take (or agree to take), nor shall any officer of the Company cause the Company to take (or agree to take), any action with respect to the following matters except (i) as expressly authorized herein, (ii) upon the approval of the Board of Directors, or (iii) actions approved or contemplated in the then current Annual Operating Plan:

(a) amend, alter or repeal, or act in contravention of, this Operating Agreement, the Annual Operating Plan or the Credit, Collections and Operations Manual;

(b) liquidate or dissolve the Company, or terminate or wind-up the business operations of the Company, or increase or decrease the size of the Company's Board of Directors;

(c) except as contemplated by the Operative Documents, enter into any transaction (including, without limitation, the payment of cash or property) or agreement with any Member or any Affiliate thereof, or amend, terminate, renew or otherwise modify any transaction or agreement (including but not limited to any Operative Document) with any Member or any Affiliate thereof;

(d) file a petition or voluntarily institute proceedings for relief, or consent to the filing of a petition or proceeding against the Company, under Chapter 11 of the United States Bankruptcy Code of 1978, as amended and as may hereafter be amended (or any similar state or foreign law), consent to the appointment of a receiver or liquidator or a trustee in bankruptcy or insolvency for the Company, make an assignment for the benefit of creditors of

the Company, or admit in writing the Company's (or any Subsidiary's) insolvency or inability to pay its debts;

(e) (i) enter, directly or through an Affiliate, into any merger, reorganization, or consolidation transaction with any other entity, (ii), form a joint venture, partnership or new form of business with any other entity, or (iii) acquire by purchase or otherwise a controlling interest in the business or

assets of, or the stock or other evidences of beneficial ownership of, any other corporation, association, partnership, or other entity or organization;

(f) convey, sell, transfer, lease, assign, encumber or otherwise dispose of, in one transaction or a series of related transactions, (i) any right, title, or interest in or to the Systems Agreement, any software used under license or sublicense from Newcourt or any Newcourt Affiliate, any Operative Document or any trademarks or intellectual property rights of Snap-on or any of its Affiliates, or (ii) all or substantially all of the Assets of the Company, other than in the ordinary course of business;

(g) increase or decrease the Membership Interests of the Company, create any new class of series of Membership Interests or securities of the Company, issue any Membership Interests or other securities of the Company, or change the Membership Interests outstanding by stock split or otherwise, or effect any combination or reclassification of the Company's Membership Interests or any other of the Company's securities;

(h) increase, decrease, or change the method of determination or payment of any compensation to any officer of the Company;

(i) except for expenses incurred in the ordinary course of business, make any commitments or disbursements, or incur any obligations or liabilities, or issue or increase any indebtedness, or guarantee the indebtedness of others, or create any liens on the Company's assets, which, in any such case, individually or in a related series of transactions exceed * ;

(j) commence any litigation, other than litigation to enforce Contracts in the ordinary course of business, or settle any litigation in excess of * ;

(k) convert the charter of the Company from that of a limited liability company to any other organization structure;

(l) issue any endorsement, announcement, press release, or public statements on behalf of the Company, or make any contribution to any charitable organization,

- ----------
*Indicates that material has been omitted and confidential treatment has been requested therefor. All such omitted material has been filed separately with the SEC pursuant to Rule 24b-2.

political candidate or parties, religious organization, society, educational institution, or foundation;

(m) develop, adopt, register, purchase or use any trade name, trademark, service mark or "doing business as" name for the Company;

(n) hire or fire legal counsel, accountants and auditors;

(o) obtain insurance other than what is usual and customary for companies similar to the Company;

(p) adopt or terminate any employee benefit plan or amend the terms of any employee benefit plan, except for amendments relating to such plan's administration;

(q) appoint, elect or terminate any officer of the Company;

(r) enter into any lease with respect to real property or make any purchase of any real property which, in either case, requires aggregate expenditures of more than * ;

(s) declare any Distributions except as required by Article 4;

(t) make or commit to make capital expenditures in an aggregate amount in excess of * or * in the aggregate in any Fiscal Year; or

(u) amend, terminate or otherwise modify the Systems Agreement or any of the Operative Documents.

Section 6.6 Certain Snap-on Proposals. Any Newco Member may, from time to time, propose that the Company (a) apply credit or collection policies on an "exception" basis which are inconsistent with the Credit, Collections and Operations Manual then in effect; (b) change the policies set forth in the Credit, Collections and Operations Manual then in effect with respect to the then existing Snap-on Dealer Credit Programs; or (c) adopt new credit programs for inclusion in the current Annual Operating Plan. Such proposals will be considered by action of the Board of Directors. If the Board of Directors fails to approve the proposal, * . If the Newcourt Members * , as described in the preceding * ,

- -----------------
* Indicates that material has been omitted and confidential treatment has been requested therefor. All such omitted material has been filed separately with the SEC pursuant to Rule 24b-2.

then the Company shall * , in which event, upon proper documentation of the Snap-on Entity's agreement, the Board of Directors will adopt the requested change or exception.

Section 6.7 Operating Documents. The business activities of the Company shall be conducted pursuant to the Annual Operating Plan. The initial Annual Operating Plan shall be the Annual Operating Plan attached hereto as Exhibit 6.7. Such initial Annual Operating Plan shall cover the period through December 31, 1999. Subsequent proposed Annual Operating Plans will be prepared by, or under the direction of, the General Manager and submitted to the Board of Directors, by October 1 of each year or such other date as the Board of Directors may direct, for the Board's review, modification and/or adoption and approval. Each Annual Operating Plan shall address, at a minimum, the following: (a) financing products offered; (b) * rates; (c) target * ; (d) target residual policies (if any); (e) target * ; (f) budget, financial projections and assumptions as to such period's Net Profit; (g) expected domestic and international expansion; (h) budgeted * ; and (i) organizational structure and staffing requirements. The Annual Operating Plan may also include the Company's mission statement, overall objectives, and such other items as the Board of Directors deems important. Unless the Board of Directors changes the Credit Loss Reserve pursuant to Section 6.8(b), the lifetime credit loss experience under the financing programs conducted by the Company shall be managed in such a manner as to cause such credit loss experience to equal * . "Outstanding Portfolio" shall mean all Finance Contracts purchased from an Affiliate of Snap-on or the Company by Newcourt or any of Newcourt's Affiliates; provided, however, that such term shall not include * . As the Annual Operating Plan provides for new financing programs, such programs may have different risk and loss parameters and different yield expectations and will be managed to take into account such parameters and to meet these expectations. If, for any reason, an Annual Operating Plan has not been adopted and approved by the Board of Directors for any particular Fiscal Year by the beginning of that Fiscal Year, then, until so adopted and approved, the business activities of the Company during such Fiscal Year shall be conducted pursuant to the prior Fiscal Year's Annual Operating Plan. In addition to the Annual Operating Plan, the Board of Directors shall adopt, approve and amend, as appropriate, a Credit, Collections and Operations Manual, and such other operating policies for the Company as it deems necessary. The Board of Directors may from time to time amend the then current Annual Operating Plan or Credit, Collections and Operations Manual.

- -----------------
* Indicates that material has been omitted and confidential treatment has been requested therefor. All such omitted material has been filed separately with the SEC pursuant to Rule 24b-2.

Section 6.8 Reserves.

(a) General Reserve. The Board of Directors shall establish and maintain a general reserve (the "General Reserve") from time to time in an amount equal to * , including amounts required to fund * , but excluding *, and also excluding * .

(b) Credit Loss Reserve. The Company shall set in accordance with GAAP a credit loss reserve which is intended to provide for future expected or estimated credit losses on the Outstanding Portfolio (the "Credit Loss Reserve"). Pursuant to the Funding Agreement, the Credit Loss Reserve shall be held in New Creditcorp SPC, LLC. The initial amount of the Credit Loss Reserve shall be established by the Board of Directors in accordance with the initial Annual Operating Plan upon evaluation of all relevant factors and criteria with respect thereto (including the historical performance of the Outstanding Portfolio, trends and standards in the industry for losses and reserves and all other published industry credit loss information which is relevant to the establishment of the Credit Loss Reserve) and giving full consideration to Snap-on's objective of maintaining sale treatment on the sale of products by Snap-on and its Affiliates to the Company. The adequacy of, and the method for calculating, the Credit Loss Reserve shall be evaluated and, as necessary, adjusted by the Board of Directors on a quarterly or more frequent basis. When establishing the initial Credit Loss Reserve and determining from time to time the adequacy of the Credit Loss Reserve, the Board of Directors shall also consider the credit experience of the Newcourt Lease Programs.

ARTICLE 7. ACTIONS BY MEMBERS

Section 7.1 Restrictions on Members. The Members shall not have any right or power to take part in the management or control of the Company or its business and affairs, or to act for or bind the Company in any way. Notwithstanding the foregoing, the Members shall have all the rights and powers specifically set forth in this Operating Agreement and, to the extent not inconsistent with this Operating Agreement, in the Act. No Member shall have any voting right except with respect to those matters specifically reserved for a Member vote which are set forth in this Operating Agreement and as required in the Act.

Section 7.2 Manner of Acting. All actions by the Members shall be by unanimous consent which may be given orally or in writing. Except in the case of a written consent signed by the requisite Members, any Member alleging that the consent of the other Members was given has the burden of proof as to the validity of such consent. Written records kept pursuant to Section 7.4 below of a meeting at which a Member's consent was

- ----------
* Indicates that material has been omitted and confidential treatment has been requested therefor. All such omitted material has been filed separately with the SEC pursuant to Rule 24b-2.

given as to an issue shall be prima facie proof of such consent, if notice of the issue to be discussed at the meeting was duly given or waived pursuant to Section 7.3 below. No person other than a Member may challenge an act taken by the Company based on the failure to obtain unanimous consent from the Members, and any act taken by the Company with respect to a third party having no actual knowledge of such a failure shall be binding against the Company.

Section 7.3 Notice. No issue shall be voted on by the Members unless reasonable notice of the issue either is given to each Member or is waived by any Member not receiving notice. Except in the case of a signed acknowledgment of receipt of notice, or waiver of notice signed by the Members not receiving the notice, any Member alleging that the requisite notice was given or waived has the burden of proof as to the validity of the notice or waiver. Written records kept pursuant to Section 7.4 below of a meeting at which a Member appeared shall be prima facie evidence that the Member was duly notified of the issues voted on at the meeting or that the Member waived the requirement of such notice, unless the purpose for the appearance was to contest the validity of notice of such issues. No person other than a Member may challenge an act taken by the Company based on the failure to give such notice, and any act taken by the Company with respect to a third party having no actual knowledge of the failure shall be binding against the Company. For purposes of this Section 7.3, notice shall be considered reasonable if it is given not less than 10 nor more than 30 days before the time for the subject vote and if it identifies the nature of the issue with sufficient specificity as to allow the Members to prepare appropriately for the vote.

Section 7.4 Records. The Company shall keep written records of all

actions taken by the Members, which records shall be kept and maintained by the Board of Directors.

Section 7.5 Other Business Activities. Except as set forth in the Agreement Respecting a Limited Liability Company, the Members and their respective Affiliates may engage independently or with others in other business ventures of every nature and description and nothing in this Operating Agreement shall be deemed to prohibit the Members or their respective Affiliates from dealing or otherwise engaging in business with persons transacting business with the Company. Neither the Company nor any Member shall have any right by virtue of this Operating Agreement, or the relationship created by this Operating Agreement or by the Articles, in or to such other ventures or activities, or to the income or proceeds derived from such other ventures or activities, and the pursuit of such ventures shall not be deemed wrongful or improper.

Section 7.6 Tax Matters Member. Newcourt Sub (the "Tax Matters Member") is hereby designated as the "tax matters partner" of the Company for purposes of section 6231 of the Code and the Treasury Regulations thereunder. The Tax Matters Member shall not make any tax election under the Code without first obtaining the approval of Snap-on. The Tax Matters Member agrees to make a section 754 election under the Code if requested by Newco upon its purchase of Newcourt Sub's Membership Interest; provided, however, that if such election would increase Newcourt Sub's tax burden with respect to such purchase, the Tax Matters Member shall only be required to make such section 754 election if Snap-on agrees to reimburse Newcourt Sub the amount of such increase in Newcourt Sub's tax burden.

The Tax Matters Member shall deliver to Snap-on a copy of any tax return proposed to be filed in the name of the Company at least 30 days prior to the date such tax return is to be filed and shall not file any such tax return over the reasonable objection of Snap-on. The Tax Matters Member shall represent the Company and the Members, at Company expense, in any administrative or judicial proceeding with the Internal Revenue Service. Any other Member may, at such Member's own expense, participate in such proceeding to the extent permitted by the Code. If an administrative proceeding results in the issuance of a "final partnership administrative adjustment" (within the meaning of Section 6223 of the Code), the Tax Matters Member shall determine whether the Company shall seek judicial review of such adjustment. If the Tax Matters Member determines that the Company shall not seek judicial review, such Member shall promptly notify all the other Members of this determination, and each Member shall be entitled, at such Member's own expense, to pursue whatever rights such Member may have under the Code. The Tax Matters Member shall be reimbursed by the Company for all amounts (including, without limitation, reasonable attorneys' fees) paid by the Tax Matters Member on behalf of the Company in connection with any administrative or judicial proceeding. The Tax Matters Member shall not be liable to the Company or the other Members for any action such Member takes or fails to take in connection with any such judicial or administrative proceeding, including, without limitation, the agreement to or failure to agree to a settlement, or the extension of, or failure to extend, the relevant statutes of limitations, unless such action or failure constitutes willful misconduct, fraud, gross negligence or breach of fiduciary duty to the Company or any of the other Members.

ARTICLE 8. TRANSFER OF MEMBERSHIP INTEREST

Section 8.1 General Restrictions on Transfers. A Member may not Transfer its Membership Interest or any part thereof or interest therein except in accordance with and subject to the terms of this Operating Agreement. Any Transfer, attempted Transfer, or purported Transfer in violation of this Operating Agreement's terms and conditions shall be null and void.

Section 8.2 Permitted Transfers. A Member may Transfer all but not less than all of its Membership Interest to a Permitted Transferee, provided that the Permitted Transferee takes all actions and executes all instruments required by the Company in order for the Transfer to comply with any applicable federal or state laws and regulations relating to the Transfer of Membership Interest and with this Operating Agreement. In the event a Member desires to effect a Transfer to a Permitted Transferee, the Member shall notify the other Member of its desire to transfer its Membership Interest, which notice shall identify the Permitted Transferee and its relationship to the Member and Snap-on or Newcourt,

as the case may be.

Section 8.3 Effect of Transfers. Until a Permitted Transferee is considered a Member, if ever, pursuant to the applicable provisions of this Article 8, the Membership Interest Transferred to a Permitted Transferee shall be considered in all respects as a Membership Interest owned by the Transferor for purposes of all provisions of this Operating Agreement other than the nonmanagement provisions of Articles 3, 4, and 5 above, which nonmanagement provisions will apply to the Permitted Transferee as though the Permitted

Transferee owned its Membership Interest. Except as otherwise provided in this Operating Agreement, until a Permitted Transferee is considered a Member any actions that a Member takes or would be entitled to take with respect to a Membership Interest, including, without limitation, votes, consents, offers, sales, purchases, options, or other deeds taken pursuant to this Operating Agreement, shall be taken by the Member for its Permitted Transferee with respect to the Membership Interest owned by that Permitted Transferee. Until a Permitted Transferee is considered a Member this Section 8.3 shall constitute an irrevocable and absolute proxy and power of attorney (this proxy and power being coupled with an interest) granted by each Permitted Transferee to its Transferor to (a) take such actions on behalf of the Permitted Transferee without any further deed than the taking of the action by the Member, and (b) sign any document or instrument evidencing such action for or on behalf of the Permitted Transferee relating to the Membership Interest owned by the Permitted Transferee. A Permitted Transferee shall become and be considered a Member only upon compliance with the terms of Section 8.2 above and the execution by the Permitted Transferee of an instrument (in form and substance reasonably satisfactory to the Board of Directors) accepting, adopting and agreeing to be bound by the terms of this Operating Agreement.

Section 8.4 Specific Performance. The parties declare that it may be impossible to measure in money the damages that will accrue to any party by reason of a failure to perform any of the obligations under this Article 8, and the parties agree that this Article 8 shall be specifically enforced. Therefore, if any Member or Transferee institutes any action or proceeding to enforce the provisions of this Article 8, any Person, including the Company, against whom the action or proceeding is brought waives the claim or defense that the party has or may have an adequate remedy at law. The Person shall not urge in any such action or proceeding the claim or defense that the remedy at law exists, and the Person shall consent to the remedy of specific performance of this Operating Agreement.

ARTICLE 9. DISSOLUTION, TERMINATION, AND LIQUIDATION

Section 9.1 Events Causing Dissolution. The Company shall be dissolved upon the happening of any Dissolution Event.

Section 9.2 Termination. Dissolution of the Company shall be effective on the date on which the Dissolution Event occurs, but the Company shall not terminate until a certificate of cancellation has been duly filed under the Act, the Company's affairs have been wound up, and the Company's assets have been distributed as provided in Section 9.3 below. Notwithstanding the Company's dissolution, this Operating Agreement shall continue to govern the Company's business and the Members' affairs until the Company is terminated and liquidated.

Section 9.3 Liquidation. Upon the occurrence of a Dissolution Event, the Members shall unanimously appoint a liquidator (the "Liquidator"), who may but need not be a Member. The Liquidator shall have the same rights and obligations as are granted to the General Manager in Article 6 above, and shall proceed with the winding up and liquidation of the Company by applying and distributing its assets as follows:

(a) Payment of Liabilities to Third Parties. The assets shall first be applied to the payment of the Company's liabilities (including liabilities to Members other than any loans or advances that may have been made to the Company

by a Member) and the liquidation expenses. A reasonable time shall be allowed for the orderly liquidation of the Company's assets and the discharge of liabilities to creditors so as to enable the Liquidator to minimize any losses resulting from the liquidation.

(b) Payment of Liabilities to Members. The remaining assets shall next be applied to the repayment of any loans or advances (but not any Capital Contribution) made by the Members to the Company, in proportion to the relative amounts lent or advanced by them.

(c) Payment of Distributions to Members. The remaining assets shall be distributed to the Members pursuant to Section 4.2 above.

(d) Reserve. Notwithstanding the provisions of Sections 9.3(a), 9.3(b), and 9.3(c) above, the Liquidator shall retain amounts sufficient to fund the General Reserve and any other amount that the Liquidator reasonably deems necessary as a Reserve for any contingent liabilities or obligations of the Company. These funds shall, after the passage of a reasonable period of time, be distributed in accordance with the provisions of this Article 9.

Section 9.4 Filing. Upon completion of the winding up of the Company, the Liquidator shall promptly execute and file on the Company's behalf a certificate of cancellation as provided in section 18-23 of the Act.

Section 9.5 Distributions in Kind. If any of the Company's assets are to be distributed in kind, those assets shall be distributed on the basis of their Values, and any Member entitled to an interest in the assets shall receive the interest as a tenant-in-common with all other Members so entitled.

Section 9.6 Limitation on Liability. In connection with the dissolution of the Company, each holder of a Membership Interest shall look solely to the Company's assets for all Distributions from the Company and the return of its Capital Contribution to the Company and shall have no recourse (upon dissolution or otherwise) with respect to such matters against any other Members or any of their Affiliates.

ARTICLE 10. BOOKS AND RECORDS

Section 10.1 Books and Records. The Company's books and records shall be maintained at the Company's principal office or at any other place designated by the Board of Directors and shall be available for examination by any Member or any Member's duly authorized representatives at any reasonable time upon reasonable advance notice.

Section 10.2 Company Funds. The Company's funds may be deposited in such banking institutions as the Board of Directors determines, and withdrawals shall be made only in the regular course of the Company's business on such signature or signatures of the General Manager or other officers of the Company as the Board of Directors determines. All deposits and other funds not needed in the operation of the business may be invested in

certificates of deposit, short-term money market instruments, government securities, money market funds, or similar investments as the Board of Directors determines.

Section 10.3 Availability of Information. The Company shall keep at its principal office and place of business and each Member shall have the right to inspect and copy all of the following: (a) a current list of the full name and last-known business address of each Member or former Member set forth in alphabetical order, the date on which each Member or former Member became a Member and the period of its Membership, and the date on which any former Member ceased to be a Member; (b) a copy of the Articles and all amendments to the Articles; (c) copies of the Company's federal, state, and local income tax returns and financial statements, if any, for its four most recent years; (d) copies of this Operating Agreement and any effective written amendments to this Operating Agreement; (e) any records kept pursuant to this Operating Agreement, including, without limitation, those described in Section 7.4 above; and (f) such other records and information as such Member shall reasonably request. Each Member shall have the right to obtain from the Company from time to time on reasonable demand, at the Member's cost and expense, copies of any such information.

Section 10.4 Fiscal Year and Method of Accounting. The Company's fiscal year for both tax and financial reporting purposes shall be the calendar year (the "Fiscal Year"). The method of accounting for both tax and financial reporting purposes shall be the accrual method. The Company's financial records will be kept in accordance with GAAP.

Section 10.5 Insurance. The Company shall maintain liability and property damage/loss insurance on any premises it occupies and its fixed assets and inventory with such insurance in such amounts as the Board of Directors may agree and direct from time to time.

ARTICLES 11. REPORTS

Section 11.1 Periodic Reports. Within such time periods as are determined by the Board of Directors, the Company shall send to each person who was a Member at any time during the Fiscal Period then ended (a) a balance sheet as of the end of the Period, (b) statements of income, Members' equity, changes in financial position, and a cash flow statement for the period, and (c) such tax information as is necessary or appropriate for the Members' preparation of their individual federal and state income tax returns. In addition, the Company shall provide reports on a more frequent basis to a requesting Member to the extent reasonably requested by the Member.

Section 11.2 Annual Report. Within ninety (90) days after the end of each Fiscal Year, the Company shall at its expense cause to be prepared and furnished to each Member, a balance sheet as of the end of such Fiscal Year and a related statement of cash flow and income and loss of the Company for such Fiscal Year, together with a report thereon by Arthur Andersen or such other auditor as shall be selected by the Board of Directors with respect to the audit of such financial statements by such firm.

ARTICLE 12. TERMINATION OF OPERATING AGREEMENT

Section 12.1 * .

Section 12.2 Termination for Default.

(a) If (i) any Newcourt Entity breaches any noncompete obligation contained in the Operative Documents, or (ii) any Snap-on Entity breaches any exclusivity obligation contained in the Operative Documents (including, without limitation, the obligations set forth in Section 7.15(a) of the Agreement Respecting a Limited Liability Company) and, in either case, such breach continues for * after the breaching Member is notified of such breach by the non-breaching Member or such breach occurs more than one time in any given * period, then the non-breaching Member, by giving notice to the breaching Member, may terminate this Operating Agreement (and in so doing shall be deemed the "Terminating Member" for purposes of Section 12.5 hereof) effective as of the date of such notice or such later date (not to exceed * later) as may be specified in such notice.

(b) If any Snap-on Entity materially breaches any of its confidentiality or nondisclosure covenants contained in this Agreement or any Operative Document, then, by giving notice to Newco, Newcourt Sub may terminate this Operating Agreement (and in so doing shall be deemed the "Terminating Member" for purposes of Section 12.5 hereof) effective as of the date of such notice or such later date (not to exceed 60 days later) as may be specified in such notice.

(c) If the Company fails * , then Newco may terminate this Operating Agreement (and in so doing shall be deemed the "Terminating Member" for purposes of Section 12.5 hereof) effective as of the date of such notice or such later date (not to exceed * later) as may be specified in such notice.

(d) If Newcourt or any third party service provider engaged by the Company to deliver lease origination and accounting systems, accounts receivable origination and accounting systems or any other systems necessary to upgrade the operations of the Company fails to fulfill its system delivery obligations set forth in the agreements providing for the delivery of such systems, or such systems fail to perform up to the reasonable

- -----------------

* Indicates that material has been omitted and confidential treatment has been requested therefor. All such omitted material has been filed separately with the SEC pursuant to Rule 24b-2.

expectations of the Company or Newco, then, by giving notice, Newco may terminate this Operating Agreement (and in so doing shall be deemed the "Terminating Member" for purposes of Section 12.5 hereof) effective as of the date of such notice or such later date (not to exceed 60 days later) as may be specified in such notice. Notwithstanding the foregoing, if the failure to deliver such system or the failure of any such system to perform is due solely to any breach by Snap-on, any of its Affiliates, and/or the Company of any of their respective obligations under this Operating Agreement or the Systems Agreement, then Newco shall not have the right to terminate this Operating Agreement under this Section 12.2(d). Further, notwithstanding the foregoing, if Newcourt Sub determines that any third party service provider is likely to fail to fulfill its system delivery obligations and Newcourt Sub delivers to Newco a commercially reasonable proposal for an alternative delivery of systems meeting the Company's requirements for such systems and if Newco fails to accept such proposal within 10 days following receipt of same, then Newco's right to terminate pursuant to this Section shall expire.

(e) If (i) at any time, the long-term senior debt of Newcourt fails to be rated investment grade equivalent by at least one U.S. Rating Agency and Newcourt is unable, at any time while it fails to have such a rating, to secure a six-month or longer funding commitment from one or more financial or insurance institutions with long-term senior unsecured debt rated investment grade credit by at least one U.S. Rating Agency, such commitment to be adequate to ensure Newcourt sufficient funding, after meeting all other financial commitments, to complete purchases of Finance Contracts from the Company in the amount set forth in the then current Annual Operating Plan; (ii) any Newcourt Entity materially breaches any of its confidentiality or nondisclosure covenants contained in this Agreement or any Operative Document; or (iii) any Newcourt Entity engages in any actions which contest the validity or ownership of, or damage Snap-on's rights in or claim to, any of Snap-on's or any of its Affiliate's trademarks or intellectual property rights or which damage or adversely affect the good will associated with any such trademarks or intellectual property rights, then by giving notice to Newcourt Sub, Newco may terminate this Operating Agreement (and in so doing shall be deemed the "Terminating Member" for purposes of Section 12.5 hereof) effective as of the date of such notice or such later date (not to exceed * later) as may be specified in such notice.

(f) If either Member Transfers its Membership Interest in the Company in violation of this Operating Agreement, or if any Person who owns or controls, directly or indirectly, a Member, Transfers, directly or indirectly, ownership or control of such Member to any Person other than a Permitted Transferee without the consent of the other Member, then, by giving notice to such Member, the other Member may terminate this Operating Agreement (and in so doing shall be deemed the "Terminating Member" for purposes of Section 12.5 hereof) effective as of the date of such notice or such later date (not to exceed 60 * later) as may be specified in such notice. The foregoing provision is not applicable to any Person who directly or indirectly owns or controls Newcourt Credit Group, Inc.

- --------

* Indicates that material has been omitted and confidential treatment has been requested therefor. All such omitted material has been filed separately with the SEC pursuant to Rule 24b-2.

(g) If any * becomes the "beneficial owner" (as defined in Rule 13d-3 under the Exchange Act), directly or indirectly, of more than * of the total voting power of the then outstanding Stock or equity of Newcourt Credit Group Inc. entitled to vote generally in the election of the directors of Newcourt Credit Group Inc., then, by giving notice to Newcourt Sub, Newco may terminate this Operating Agreement (and in so doing shall be deemed the "Terminating

Member" for purposes of Section 12.5) hereof effective as of the date of such notice or such later date (not to exceed * later) as may be specified in such notice.

If Snap-on would, but for the limitation of Section 9.05 of the Agreement Respecting a Limited Liability Company, be liable under Section 9.01 of the Agreement Respecting a Limited Liability Company for Pre-Closing Claims aggregating more than * , and if Snap-on elects not to fully indemnify without regard to such limit, then Newcourt Sub may terminate this Operating Agreement (and in so doing shall be referred to as the "Terminating Member" for purposes of Section 12.5 hereof), effective as of the date of such notice or such later date (not to exceed * later) as may be specified in such notice.

(h) Notwithstanding any other provision of this Operating Agreement to the contrary, in order to be effective, any notice of termination contemplated by this Section 12.2 must be delivered not later than 60 days after the Terminating Member first acquires actual knowledge of the occurrence of the event giving rise to the right to terminate this Operating Agreement.

Section 12.3 Termination for Insolvency. If (a) either Member, or its ultimate parent, becomes insolvent, (b) voluntary or involuntary proceedings by or against such Member, or its ultimate parent, are instituted in bankruptcy or under any insolvency law, or a receiver or custodian is appointed for such Member, or its ultimate parent, or proceedings are instituted by or against such Member, or its ultimate parent, for the dissolution of such Member, or its ultimate parent, which proceedings, if involuntary, are not dismissed within sixty (60) days after the date of filing, (c) such Member, or its ultimate parent, makes an assignment for the benefit of its creditors, or (d) substantially all of the assets of such Member, or its ultimate parent, are seized or attached and not released within sixty (60) days thereafter, the other Member may, by giving written notice to the affected Member, terminate

- ----------
*Indicates that material has been omitted and confidential treatment has been requested therefor. All such omitted material has been filed separately with the SEC pursuant to Rule 24b-2.

this Operating Agreement (and in so doing shall be deemed the "Terminating Member" for purposes of Section 12.5 hereof), effective as of the date of the event or any later (not to exceed * later) date specified in such notice.

Section 12.4 Termination in the Event of a Deadlock Event.

(a) In the event that:

After the end of the Company's first Fiscal Year, the Board of Directors, with each Board Member acting in good faith, * ;

(i) Such matter (a "Deadlock Event") is referred to dispute resolution in accordance with the procedures set forth in Section 12.4(b)-(d);

(ii) As a result of the conclusion of such procedures, an arbitration decision other than that which was sought by Newco is obtained;

(iii) Newco concludes such decision will be injurious or disruptive to Snap-on's business;

(iv) Newco gives notice of the foregoing conclusion (which notice shall specify the provisions of the arbitration decision which Newco has determined to be so injurious or disruptive) to Newcourt Sub within ten (10) Business Days after the final rendering of such arbitration decision; and

(v) Newcourt Sub does not, within ten (10) Business Days after receipt of Newco's notice, agree to set aside the provisions of the arbitration decision specified in Newco's notice, and adopt Newco's original proposal with respect to such matter,

then Newco may at its option terminate this Operating Agreement (and in so doing, shall be deemed the "Terminating Member" for purposes of Section 12.5 hereof) effective as of the date of such notice or such later date (not to exceed * days later) as may be specified in such notice.

(b) During the thirty (30) day period after the occurrence of a Deadlock Event referred to above, the senior management of the Members shall negotiate in good faith to resolve their deadlock. In the event that the Deadlock Event cannot be resolved within such thirty (30) day period, then, for a period of fourteen (14) days following the expiration of such period, the matter that is the subject of the Deadlock Event may be submitted by either Member to binding arbitration under the provisions of Section 12.4(c) of this Operating

- ----------

*Indicates that material has been omitted and confidential treatment has been requested therefor. All such omitted material has been filed separately with the SEC pursuant to Rule 24b-2.

Agreement. Until the Deadlock Event is resolved by the foregoing procedure, the terms and conditions of the prior year's Annual Operating Plan and the then effective Credit, Collections and Operations Manual will govern the operation of the Company.

(c) Any Deadlock Event not resolved by senior management negotiation as provided for in Section 12.4(b), above, shall be submitted to final and binding arbitration as the sole and exclusive ultimate remedy for any such Deadlock Event. A Member shall commence arbitration by filing a written demand therefor with JAMS/Endispute in New York City or in such other office of that organization as it may direct, and by providing a copy of such demand simultaneously to the other Member or, in the event JAMS/Endispute shall cease administering arbitrations, by filing such demand with the appropriate office of the American Arbitration Association. Any arbitration with respect to a Deadlock Event hereunder shall be conducted according to the rules and procedures specified herein and, to the extent not in conflict with such contractually specified rules and procedures, in accordance with the Commercial Arbitration Rules of the American Arbitration Association ("AAA") in force as of the date hereof or as subsequently amended by the AAA. Any Deadlock Event shall be resolved by a single arbitrator chosen by the Members or, in the event of their failure to agree on an arbitrator within ten (10) Business Days of the date of commencement of the arbitration, selected by JAMS/Endispute from among experienced commercial arbitrators with not less than ten (10) years' experience in the field of commercial credit and finance. The arbitrator selection process shall be completed within thirty (30) days of the commencement of arbitration. There shall be no pre-hearing discovery in the case of arbitration of disputes that are Deadlock Events. The parties acknowledge the arbitrability of any Deadlock Event on which arbitration is demanded by any Member. There shall be no appeal from any arbitral award hereunder except for fraud committed by the arbitrator(s) in discharging his, her, or their duties in connection with the arbitration. The Members otherwise irrevocably waive any right they would otherwise have to judicial review of any arbitral award hereunder. The arbitral hearing on a Deadlock Event shall be completed within sixty (60) days after commencement of the arbitration, and the award shall be issued within fifteen (15) days after completion of the hearing.

(d) This arbitration clause shall be governed by and construed and interpreted in accordance with the Federal Arbitration Act, 9 U.S.C. ss.ss. 1 et seq. as amended from time to time. Any arbitral hearing hereunder shall take place in New York City unless a different locale is agreed to by the parties or directed by the arbitrator(s) for good cause shown. Judgment on any arbitral award hereunder may be entered in any court of competent jurisdiction. In any award hereunder, the arbitrator(s) shall award actual, reasonable attorneys' fees and expenses to the prevailing side.

Section 12.5 Rights and Remedies of the Members Upon Termination or Nonrenewal.

(a) Upon nonrenewal of this Operating Agreement for any reason following the expiration of the Initial or any Renewal Term of this Operating Agreement, Newco shall purchase Newcourt Sub's Membership Interest in the Company and all rights and obligations appurtenant thereto at the end of the

Initial Term or such Renewal Term, as applicable. If this

Operating Agreement is not renewed by Newco at the end of the Initial Term, then Newco will pay to Newcourt Sub, in consideration for the purchase of Newcourt Sub's Membership Interest, an amount equal to * . If this Operating Agreement is not renewed by Newco or Newcourt Sub at the end of any Renewal Term, then Newco shall purchase Newcourt Sub's Membership Interest at a price equal to * .

(b) If Newco is the Terminating Member and Newco is terminating this Operating Agreement for reasons described at Sections * , or if Newcourt Sub is the Terminating Member for the reasons described in Section 12.1 above, then Newco shall purchase Newcourt Sub's Membership Interest in the Company pursuant to this Section 12.5, and all rights and obligations appurtenant thereto within sixty (60) days following the effective date of said termination. The purchase price to be paid by Newco for Newcourt Sub's Membership Interest pursuant to this Section 12.5(b) shall be equal to * .

If Newcourt Sub is the Terminating Member (other than for reasons described in Section 12.1 above) or if Newco is the Terminating Member for reasons not described in Section 12.5(b), Newco shall purchase Newcourt Sub's Membership Interest in the Company pursuant to this Section 12.5, and all rights and obligations appurtenant thereto within sixty (60) days following the effective date of said termination. The purchase price to be paid by Newco for Newcourt Sub's Membership Interest pursuant to this Section 12.5(c) shall equal * , provided, however, that if Newco terminates for the reasons described in Section 12.4, the purchase price shall equal the greater of (i) * or (ii) * .

Section 12.6 * . The * shall be equal to (a) * minus (b) any * actually paid to Newcourt Sub. " * " shall mean (i) * , minus (ii) * ; provided,

- ----------
*Indicates that material has been omitted and confidential treatment has been requested therefor. All such omitted material has been filed separately with the SEC pursuant to Rule 24b-2.

however, that, in any case, the * shall not be less than zero. " * " shall mean the * for the applicable accounting period plus any amortization of * , plus the * , plus * , plus the * , plus * , (in each case for the relevant accounting period); provided, however, that if the * has not been determined at the time the * is otherwise due and payable, payment shall be made in two installments as set forth in Section 12.8. " * " shall mean * of the Company for the applicable accounting period minus all expenses of the Company during such period (including * and the payment of the * and the * . If the effective date of any termination occurs before the end of the Company's * Fiscal Year, the * and * used to calculate the * shall be based on * . "Snap-on Breach Payment" shall mean an amount agreed to by Newcourt Sub and Snap-on or determined by arbitration pursuant to Article XI of the Agreement Respecting a Limited Liability Company in order to compensate the Company

- ----------
*Indicates that material has been omitted and confidential treatment has been requested therefor. All such omitted material has been filed separately with the SEC pursuant to Rule 24b-2.

for any reduction in Pre-Fee Income during the applicable accounting period as a result of any breach by Snap-on or its Affiliates of the Operative Documents.

Section 12.7 * . The * shall equal * period ending on the last day of the calendar month immediately preceding the effective date of the termination multiplied by * in the United States as of the effective date of the

termination, as determined by a mutually acceptable independent investment bank or appraisal firm. " * " shall mean * . If the Members cannot agree on an investment bank or appraisal firm, each Member shall select its own investment bank or appraisal firm, and those two banks or firms shall select a third independent investment bank or appraisal firm and that third investment bank or appraisal firm shall determine * .

Section 12.8 Closing.

(a) Except as set forth in Section 12.1, the closing of the purchase of a Member's Interest pursuant to Section 12.5 hereof, shall occur not later than sixty (60) days after the effective date of the relevant notice of termination. Newcourt Sub shall deliver all appropriate documents of transfer at the closing and shall convey its entire Membership Interest to Newco free and clear of all liens, claims, encumbrances, or other charges of any kind whatsoever on its Membership Interest, and from and after the closing, Newcourt Sub shall have no interest in the assets, profits or management of the Company. Each party shall pay its own costs and expenses incurred in connection with the purchase of a Membership Interest pursuant to Section 12.5. At the closing, Newco shall pay to Newcourt Sub in immediately available funds the amount indicated under the relevant subsection of Section 12.5 governing the particular purchase. In the event that the purchase price includes a Snap-on Breach Payment and that amount has not been determined as of the closing, then Newco shall pay Newcourt Sub the determined portion of the Termination Fee, exclusive of the amount attributable to any undetermined Snap-on Breach Payment, at the closing and shall pay the remainder of the Termination Fee (plus interest from the date of the closing at the rate of * per annum) within 10 days of the date that amount is agreed to by Newcourt Sub and Snap-on or determined by arbitration.

- ----------

*Indicates that material has been omitted and confidential treatment has been requested therefor. All such omitted material has been filed separately with the SEC pursuant to Rule 24b-2.

(b) Upon any termination or expiration of this Operating Agreement, the Company shall pay to Newcourt or Newcourt Sub, as appropriate (i) all * which are accrued through the effective date of such termination (except any such fees which, as of the effective date of termination, have not been paid because of *), plus (ii) the outstanding principal plus accrued interest due Newcourt or Newcourt Sub with respect to loans made to the Company by Newcourt or Newcourt Sub, plus (iii) * of the amount of * . Such payments shall be in addition to any other payments to which Newcourt Sub is entitled pursuant to this Operating Agreement including, without limitation, those payments contemplated by Sections 12.6 and 12.7. Company and Snap-on shall use their best efforts to effect the release of Newcourt, NCG and Newcourt Sub from all guarantees by Newcourt, NCG and Newcourt Sub of Company obligations to third parties and shall release Newcourt, NCG and Newcourt Sub from any obligations to reimburse Snap-on for its guarantees of obligations of the Company to third parties.

Section 12.9 Effect of Termination.

(a) Termination of this Operating Agreement for any reason or the dissolution and liquidation of the Company shall not release either Member from any obligation or liability which on the date of termination, dissolution or liquidation shall have already accrued or which thereafter may accrue in respect of any act or omission occurring prior to such date of termination or liquidation or dissolution nor shall any act of termination affect in any way the survival of any right, duty, obligation, representation, or warranty which is expressly stated in this Operating Agreement or in any Operative Document to survive termination hereof. In addition, * shall survive the termination of this Operating Agreement.

(b) At the option of the Company, all Operative Documents shall continue after the sale by Newcourt Sub of its Membership Interest for a period of up to * after the effective date of any termination (the "Transition Period"). The parties will cooperate in good faith to develop an operating plan for the orderly transition for the Business and the continued provision of Financing Services to Snap-on Customers during and after the Transition Period substantially in accordance with the Transition Plan attached as an Exhibit to the initial Annual Operating Plan as amplified by mutual agreement of the

parties in light of circumstances at the time of termination.

- ----------
*Indicates that material has been omitted and confidential treatment has been requested therefor. All such omitted material has been filed separately with the SEC pursuant to Rule 24b-2.

(c) For a period of * following the purchase of Newcourt Sub's Membership Interest pursuant to Section 12.5 hereof, neither Newcourt Sub nor any Newcourt Entity nor any Affiliate of any of them shall (i) employ or retain as a consultant or in any other capacity any person who is then an employee of, or dedicated on a full-time basis to the Company or who was an employee of or dedicated on a full-time basis, to the Company within the * period preceding such person's employment or retention or (ii) induce, attempt to induce, any employee or other personnel of the Company to terminate their relationship or breach their agreements with the Company; provided, however, that the restrictions set forth in this sentence shall not apply following the Transition Period with respect to any individual who was an employee of Newcourt or any Affiliate of Newcourt prior to becoming an employee of or dedicated to the Company.

ARTICLE 13. MISCELLANEOUS

Section 13.1 Amendments to Operating Agreement. No amendment or modification of this Operating Agreement shall be valid unless in writing and signed by all of the Members.

Section 13.2 Appointment of General Manager as Attorney-in-Fact. The Company appoints the General Manager as its lawful attorney-in-fact with full authority to execute, acknowledge, deliver, swear to, file, and record at the appropriate public offices any documents necessary to carry out this Operating Agreement's provisions. Such documents include, but are not limited to, all certificates and other instruments (including counterparts of this Operating Agreement), and any amendments to those instruments, that the General Manager deems appropriate to qualify or continue the Company as a limited liability company in (a) the jurisdictions in which the Company conducts business or (b) the jurisdictions in which such qualification or continuation is, in the General Manager's opinion, necessary to protect the Members' limited liability.

Section 13.4 Binding Provisions. The agreements contained in this Operating Agreement shall be binding on and inure to the benefit of the successors and assigns of the respective parties to this Operating Agreement. Except with respect to the indemnification obligations of the Company described in Section 6.3 above, this Operating Agreement shall not inure to the benefit of any person other than the parties hereto and their Affiliates, and no third-party beneficiary claims may be based on this Operating Agreement.

Section 13.4 Rules of Construction. Section headings are for descriptive purposes only and shall not control or alter the meaning of this Operating Agreement as set forth in the text. When the context in which words are used in this Operating Agreement indicates that such is the intent, words in the singular shall include the plural, and vice versa,

- ----------
*Indicates that material has been omitted and confidential treatment has been requested therefor. All such omitted material has been filed separately with the SEC pursuant to Rule 24b-2.

and pronouns in the masculine shall include the feminine and neuter, and vice versa. Additionally, all defined phrases, pronouns, and other variations thereof shall be deemed to refer to the masculine, feminine, neuter, singular, or plural, as the actual identity of the organization, person, or persons may require. No provision of this Operating Agreement shall be construed against any party hereto by reason of the extent to which such party or its counsel participated in the drafting hereof. All references to dollars shall be in United States Dollars. Capitalized terms used herein, unless otherwise defined

herein, shall have the meaning ascribed to such terms in the Definitional Supplement.

Section 13.5 Choice of Law and Severability. This Operating Agreement shall be governed by and construed in accordance with the internal laws of the State of Delaware without regard to its choice of law provisions. If any provision of this Operating Agreement shall be contrary to applicable law, at the present time or in the future, such provision shall be deemed null and void, but shall not affect the legality of the remaining provisions of this Operating Agreement. This Operating Agreement shall be deemed to be modified and amended so as to be in compliance with applicable law and this Operating Agreement shall then be construed in such a way as will best serve the intention of the parties at the time of the execution of this Operating Agreement.

Section 13.6 Counterparts. This Operating Agreement may be executed in one or more counterparts. Each such counterpart shall be considered an original and all of such counterparts shall constitute a single agreement binding all the parties as if all had signed a single document.

Section 13.7 Entire Agreement. This Operating Agreement, the Exhibits attached hereto (all of which are hereby incorporated by reference), and the agreements contemplated herein, including the Agreement Respecting a Limited Liability Company and the Operative Documents, constitute the entire agreement among the Members regarding the terms and operations of the Company. This Operating Agreement and the other agreements referred to in the preceding sentence supersede all prior agreements, statements, understandings, and representations of the parties regarding the terms and operations of the Company.

Section 13.8 Notices. All notices, requests, consents, or other communications provided for in or to be given under this Operating Agreement shall be in writing, may be delivered in person, by overnight air courier or by mail, return receipt requested, and shall be deemed to have been duly given and to have become effective (i) upon receipt if delivered in person, (ii) one day after having been delivered to an overnight air courier, or (iii) three days after having been deposited in the mails as certified or registered matter, all fees prepaid, directed to the parties or their assignees at the following addresses (or at such other address as shall be given in writing by a party hereto):

(a) If to the Company, to:

Snap-on Credit LLC
2801 80th Street
Kenosha, Wisconsin 53141-1410
Attention: General Manager and CFO

(with a copy to each Member)

(b) If to a Member, to the intended recipient at the Member's most recent address as reflected in the Company's records.

Any person required to give notice pursuant to this Operating Agreement shall have the burden of proving the validity of the notice.

Section 13.9 Capacity and Authority. Each Member represents and warrants that: (a) the purchase of its Membership Interest and entering into this Operating Agreement has been duly authorized in accordance with its respective governing instruments or otherwise; and, (b) the consummation of the transactions contemplated by this Operating Agreement will not result in a breach or a violation of, or a default under, its governing instruments. Each Member represents and warrants that the consummation of the transactions contemplated by this Operating Agreement will not result in a breach or violation of any agreement by which it or any of its properties is bound or any statute, regulation, order or any other law to which it is subject.

IN WITNESS WHEREOF, the undersigned have executed this Operating Agreement as of January 2, 1999.

MEMBERS:

SCL HOLDING COMPANY

By: /s/ Robert J. Hicks
Printed Name: Robert J. Hicks
Title: Executive Vice President

SNAP-ON CAPITAL CORP.

By: /s/ Janet M. Neal
Printed Name: Janet M. Neal
Title: Secretary

AMENDED AND RESTATED OPERATING AGREEMENT
DESCRIPTION OF ATTACHMENTS+

Exhibits:

Exhibit 6.7	Initial Annual Operating Plan

Schedules:

Schedule 2.01	Names and Business Addresses of Members
Schedule 3.01	Initial Capital Contributions
Schedule 6.2	Initial Newco and Newcourt Members

- --------

+ The exhibits and schedules to this document are not being filed herewith. The registrant agrees to furnish supplementally a copy of any such schedule or exhibit to the Securities and Exchange Commission upon request.

Exhibit No. 2.3

ADDENDUM TO AMENDED AND RESTATED
OPERATING AGREEMENT

This is an addendum to the Amended and Restated Operating Agreement dated as of January 3, 1999, by and between Snap-on Capital Corp. and SCL Holding Company.

The parties hereto are executing that certain Amended and Restated Operating Agreement dated January 3, 1999, which anticipates the attachment, as Exhibit 6.7 thereto, of an Initial Annual Operating Plan for Snap-on Credit LLC (the "Company"). The draft Initial Annual Operating Plan (draft dated December 30, 1998) has not yet been approved by the Board of Directors of the Company or by the undersigned Members. The parties hereby agree to replace Exhibit 6.7 to the Amended and Restated Operating Agreement (the draft Operating Plan dated December 30, 1998), with a final Initial Annual Operating Plan (as approved by the Board of Directors of the Company) not later than January 31, 1999. Upon completion of the Initial Annual Operating Plan including the 1999 Budget and other elements described in the Amended and Restated Operating Agreement, the parties agree that such document will be attached to the Amended and Restated Operating Agreement as Exhibit 6.7 and that the draft dated December 30, 1998 will be deleted for all purposes. The parties will establish the base * number to be set forth in the blank at clause (ii) in the definition of " * " in Section * of the Amended and Restated Operating Agreement as follows: this amount will be established before January 31, 1999 and shall be equal to the following: * . Further, the parties agree that, for purposes of Section * of the Operating Agreement, the actual and budgeted * in any Fiscal Year shall be adjusted to eliminate the effect of: * .

SNAP-ON CAPITAL CORP.

By /s/ Janet M. Neal
SCL HOLDING COMPANY

By /s/ Scott E/ Herbst

- --------

* Indicates that material has been omitted and confidential treatment has been requested therefor. All such omitted material has been filed separately with the SEC pursuant to Rule 24b-2.

Exhibit No. 2.4

LICENSE AND ROYALTY AGREEMENT

THIS LICENSE AND ROYALTY AGREEMENT (this "Agreement") is entered into on this 3rd day of January, 1999 between Snap-on Financial Services, Inc. a Nevada corporation ("SFS"), and Snap-on Credit LLC, a Delaware limited liability company ("Company").

W I T N E S S E T H:

WHEREAS, SFS is the assignee and holder of the rights of Snap-on Credit Corporation, a Wisconsin corporation ("SCC"), under a Program Rights Agreement with Snap-on Incorporated, a Delaware corporation ("Snap-on") dated as of December 1, 1998 (the "Program Rights Agreement") pursuant to which Snap-on granted to SCC, among other things, the right to offer credit programs to Snap-on Customers to finance the purchase of Tools and Equipment by such Snap-on Customers;

WHEREAS, SFS is the licensee of the trademarks and service marks listed in Exhibit A (the "Licensed Trademarks") pursuant to an Amended and Restated Trademark License Agreement between SFS, as assignee, and Snap-on Technologies, Inc. ("Technologies") dated as of January 2, 1999 (the "Trademark License Agreement"), which trademarks are used in connection with credit programs offered to customers of Snap-on and its subsidiaries;

WHEREAS, SFS and Company now desire to enter into this Agreement to set forth the terms and conditions upon which SFS will license to Company certain of SFS's rights under the Program Rights Agreement and the Trademark License Agreement and Company will assume certain of SFS's obligations under the Program Rights Agreement;

WHEREAS, capitalized definitional terms used herein and not otherwise defined herein shall have the meaning referred to or specified in the Definitional Supplement attached as an Exhibit to the Agreement Respecting a Limited Liability Company dated December 1 1998 between Snap-on Incorporated and Newcourt Financial USA Inc. ("Newcourt");

NOW, THEREFORE, in consideration of the foregoing and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto hereby agree as follows:

1. License Under Program Rights Agreement.

(a) Subject to the terms, conditions and limitations of this Agreement, SFS hereby grants to Company the personal, non-exclusive and Non-transferable right to exercise all of the rights granted to SFS under the Program Rights Agreement with respect to the Snap-on Dealer Credit Programs and certain other credit programs identified by SFS and Company from time to time in a writing signed by the parties (the "Program Rights Agreement License"). For purposes of this Agreement, "Non-transferable" means that the

right or other matters referred to may not be transferred, assigned or conveyed except as set forth in this Agreement.

(b) Subject to the terms, conditions and limitations of this Agreement, Company hereby assumes and agrees to comply with and be bound by all of the terms, provisions and covenants of SCC in the Program Rights Agreement, as they apply to the Snap-on Dealer Credit Programs, as though the Program Rights Agreement had been made, executed and delivered by Company in lieu of SCC. Company hereby represents and warrants to SFS all the matters set forth in Section 5.2 of the Program Rights Agreement, except to the extent such representations and warranties relate to credit programs other than the Snap-on Dealer Credit Programs.

(c) For purposes of this Agreement, all references in the Program Rights Agreement to "SCC" shall be deemed to refer to Company.

2. Sublicense Under Trademark License Agreement.

(a) Grant of Sublicense.

(i) SFS hereby grants to Company a non-exclusive sublicense (the "Trademark Sublicense") of all of SFS's rights to the Licensed Trademarks under the License Agreement for the sole purpose of providing and servicing, directly or indirectly, the Snap-on Dealer Credit Programs to the Snap-on Customers in the territory described in Exhibit A hereto (the "Licensed Territory").

(ii) Company shall not have the right to sublicense any of the rights granted to it under the Trademark Sublicense; provided, however, that Company may grant a sublicense to Newcourt with respect to such rights which allows Newcourt to use the Licensed Trademarks solely for the purpose of providing direct financing programs, which have been approved by SFS in writing, to Snap-on Customers.

(b) Ownership.

(i) Company acknowledges Technologies' rights in the Licensed Trademarks and SFS's rights under the Trademark License Agreement, and shall not at any time do or authorize to be done any act or thing which will in any way impair the rights of Technologies in the Licensed Trademarks or the rights of SFS under the Trademark License Agreement.

(ii) Company shall not attempt to register the Licensed Trademarks alone or as part of its own trademarks nor shall Company use or attempt to register any marks confusingly similar to the Licensed Trademarks.

(iii) It is the intention of the parties that all use of the Licensed Trademarks shall inure to the benefit of Technologies.

(iv) Company shall incorporate the following notice somewhere in any advertising or promotional materials relating to the Credit Programs:

> "[particular trademark(s) licensed] are trademarks of Snap-on Technologies, Inc. and used under sublicense from Snap-on Financial Services, Inc."

(v) Any artwork or other graphic materials (and the ideas embodied therein) conceived under or resulting from this Agreement, including but not limited to copyrighted materials and trademarks, tradenames, servicemarks and servicenames or the like, whether developed by Company or on behalf of Company ("Work Product") shall be the exclusive property of Technologies. Technologies shall be free to use all Work Product in any manner it chooses, without payment of further consideration, and Company agrees to assign, transfer and set over to Technologies all rights, title and interest in all Work Product. Specifically, but not to limit the foregoing, Company agrees to assign to Technologies, its successors and assigns, world-wide exclusive ownership of, and right, title and interest in all copyrights to all Work Product, will recognize all Work Product as "work-for-hire" under relevant copyright or other laws, and will take all steps reasonably necessary to protect such copyrights on behalf of Technologies. Company agrees to obtain the proper and necessary releases or other agreements from its employees and/or independent contractors who develop Work Product to insure that sole title to Work Product is vested in Technologies. Company agrees to procure the waiver of its employees and/or independent contractors to any moral rights to which they may be entitled in any Work Product.

(vi) If Company desires to develop any new or different design for any mark, symbol, logo, character or other element included within the Licensed Trademarks, it shall obtain Technologies' prior written approval. Technologies shall own all the rights in such new or different design and all uses thereof shall inure to the exclusive benefit of Technologies.

(vii) Company acknowledges that, from time to time and without notice to Company, Technologies has the ability to modify certain elements of the Licensed Trademarks, to add additional

elements to the Licensed Trademarks, or to discontinue use of some or all of such elements. Accordingly, SFS does not represent or warrant that the Licensed Trademarks or any elements thereof will be maintained or used in any particular fashion. Any new elements or modifications to existing elements developed by Technologies or SFS following the execution of this Agreement shall be included in the definition of Licensed Trademarks.

(c) Goodwill And Promotional Value.

(i) Company recognizes the value of the goodwill associated with the Licensed Trademarks and acknowledges that the Licensed Trademarks, and all rights therein and the goodwill pertaining thereto, belong exclusively to Technologies. Company further recognizes and acknowledges that the Licensed Trademarks have acquired secondary meaning in the mind of the public.

(ii) Company acknowledges the high level of quality associated with the Licensed Trademarks and agrees that it will use the rights granted to it hereunder in a manner consistent with maintaining such high level of quality. Company agrees that it shall not conduct any activity which in any way calls into question Company's ethics or lawful practices, nor shall Company do anything which damages or adversely affects Technologies, SFS, the Licensed Trademarks or the goodwill associated with the Licensed Trademarks.

(d) Trademark Protection.

(i) The Trademark Sublicense granted hereunder is conditional upon the Company's use of the Trademark Sublicense in full and complete compliance with the provisions of the relevant laws appertaining in the Licensed Territory or any part of it. Company agrees to bear any and all costs which may be necessary to comply with such laws, including but not limited to costs of registration of the Licensed Trademarks and/or recording Company as a registered user of the Licensed Trademarks.

(ii) Company shall pay all costs and expenses of registration of the Licensed Trademarks in each applicable classification in any country in the Licensed Territory wherein the Licensed Trademarks are not yet registered. Company shall pay all costs and expenses of filing any necessary registered user applications listing Company as a permissible user of the Licensed Trademarks in any of such countries.

(iii) Company shall assist Technologies' and SFS's efforts to register Licensed Trademarks in the appropriate classes in the name of Technologies and/or file the necessary registered user applications.

(iv) Company agrees to provide Technologies and SFS with such reasonable assistance as Technologies or SFS may require in the procurement of any protection of Technologies' or SFS's rights to the Licensed Trademarks.

(e) Representations and Warranties of SFS. SFS represents and warrants to Company that:

(i) Technologies is the rightful owner of the Licensed Trademarks, free and clear of any conflicting claim (including claims under license agreements with Persons other than Snap-on Affiliates or Subsidiaries) of any Person other than SFS;

(ii) SFS has full legal power and authority to grant the Trademark Sublicense; and

(iii) The Trademark Sublicense grants to Company all rights with respect to all trademarks, service marks and tradenames which are necessary in order for Company to conduct the Business in the manner

it has previously been conducted.

3. Royalties. In consideration for the Program Rights Agreement License and Trademark Sublicense granted hereunder, Company shall pay to SFS monthly a royalty fee in the amount of * (the "Base Fee"), plus or minus any increase or decrease pursuant to the terms and conditions set forth in Exhibit B attached hereto (the "Royalty Fee"). * . The Royalty Fee shall be payable monthly in immediately available funds, in arrears, by Company to SFS by the 15th day of the following month. The first payment shall be due on April 15, 1999. Notwithstanding the foregoing, to the extent that the Board of Directors of Company determines, after due consideration of Company's income and expenses (including the amount of the Snap-on Management Fees and the Newcourt Management Fees) in any month, that Company's * , which are due and payable that month, then Company shall pay a pro-rata portion of * which are due and payable that month and the shortfalls shall be paid on a pro-rata basis from future * , as determined by Company's Board of Directors, together with the monthly payment that is then due hereunder. The term "Originations" shall mean the Finance Contracts recorded by Company on its books and records as an asset regardless if such Finance Contracts are purchased by Company from an Authorized Dealer, Snap-on Incorporated or any of its Affiliates or are originated directly by Company or are originated directly by Newcourt pursuant to any vendor program agreement authorized by Company; provided, however, that any Finance Contracts included in the Existing Portfolio shall be excluded from the definition.

4. Indemnification.

(a) Company agrees to save, protect, indemnify and hold harmless SFS and its employees, officers, directors, agents and representatives from and against all liabilities, costs (including attorneys' fees and disbursements), claims and charges arising from or relating to (i) any breach by Company of this Agreement; and (ii) the breach by Company of the Program Rights Agreement, including any violation by Company or any of its employees or agents of any law applicable to the sale, lease or other furnishing of Tools and Equipment or to any related Financings or Ancillary Services (including, without limitation, any law relating

- ---------

* Indicates that material has been omitted and confidential treatment has been requested therefor. All such omitted material has been filed separately with the SEC pursuant to Rule 24b-2.

to the reporting of or extension or denial of credit, the collection of debt or the repossession or disposition of Tools and Equipment). The foregoing indemnity shall not apply in respect of liabilities, costs, claims or charges arising from or related to (x) any action, sufferance or omission by SFS or its employees that is negligent, willful or effected in bad faith, or (y) any breach or violation by SFS of the provisions of this Agreement or any Law or regulation.

(b) SFS agrees to save, protect, indemnify and hold harmless Company and its members, employees, officers, directors, agents and representatives from and against all liabilities, costs (including attorneys fees and disbursements), claims, demands, or causes of action arising from or relating to (i) any breach by SFS of this Agreement; (ii) any violation of Law by SFS or any of its employees or agents; or (iii) any actual or alleged trademark or copyright infringement, or damages relating thereto, dealing with the use of the Licensed Trademarks in the Licensed Territory as expressly authorized by this Agreement, provided that (a) prompt written notice is given to SFS of any such suit or claim, (b) SFS shall have the option and right to undertake and conduct the defense of any such suits or claims brought against Company, and (c) no settlement of any suit or claim is made or entered into without the prior express written consent of SFS's authorized legal counsel.

5. Term. This Agreement shall become effective on the date hereof and, subject to Section 6, shall remain in effect until, and shall automatically terminate, unless renewed as provided below, on January 2, 2004. This Agreement shall automatically be renewed and remain in effect for any Renewal Term of the Operating Agreement.

6. Termination. (a) Subject to Section 6(b), this Agreement shall terminate as follows: (i) upon termination or expiration of the Operating Agreement; (ii) upon written consent of the Company and SFS; or (iii) upon the Insolvency or dissolution of the Company. "Insolvency" means, with respect to

the Company (A) any case, action or proceeding with respect to the Company before any court or other governmental authority relating to bankruptcy, reorganization, insolvency, liquidation, receivership, dissolution, winding up or relief of debtors or (B) any general assignment for the benefit of creditors, composition, marshaling of assets for creditors, or other, similar arrangements in respect of its creditors generally or any substantial portion of its creditors; and in each case, undertaken under U.S. Federal, state or foreign law, including the Bankruptcy Code.

(b) Upon termination or expiration of this Agreement, the rights and obligations of the parties set forth herein as they relate to completed Financing and Ancillary Services will continue in full force and effect.

7. Confidentiality. Company shall not disclose, use or otherwise communicate to any third party (other than Company's members, employees, agents and participants with respect to this Agreement, in their capacity as such and who have a specific "need to know" and who shall be bound by the provisions of this Section 7) any information regarding either the terms and provisions of this Agreement or any other confidential materials, trade secrets, and/or proprietary information delivered to Company pursuant to the terms and provisions of this Agreement except: (a) to the extent necessary to comply with a

specific applicable law or the valid final order of a court of competent jurisdiction in which the party making the disclosure or communication shall notify the other party in writing and shall seek confidential and proprietary treatment of the information; (b) as part of normal reporting or review procedure of Company's board of directors, parent company, members, auditors and attorneys; provided, however, that persons or entities agree to be bound by the provisions of this Section 7; (c) to enforce its rights legally under this Agreement in a court of competent jurisdiction; (d) with respect to such information as is part of the public domain through disclosure other than by Company; (e) with respect to such information that is received from a third party without restriction and without breach of this Agreement; or (f) as is customary in connection with the sale, transfer, assignment, pledge, syndication and/or securitization of Financed Contracts and Financings (and/or accounts receivable or collateral in connection therewith). If, in connection with this Agreement, Company requests from SFS information or materials that are of the highest degree of confidentiality or secrecy, it is SFS's sole decision whether to make such information or material available to Company, and if such is made available, it shall only be pursuant to a separate non-disclosure and confidentiality Agreement that SFS tenders to Company for signature and which Company executes. It is expressly understood and agreed that Company's obligations to keep records and to keep the Information confidential under Article VII of the Program Rights Agreement shall continue after the termination, for any reason, of this Agreement or any provision hereof.

8. Obligations Upon Termination. Except as provided in Section 6(b), upon termination or expiration of this Agreement for any reason: (a) Company shall immediately (i) cease all use of the Snap-on Dealer Credit Programs and the Information; (ii) return to SFS all copies of the Snap-on Dealer Credit Programs, Contracts, Credit, Collections and Operations Manual and all other Information, including all copies of any documentation, notes and all other materials relating to the foregoing; (iii) enter into good faith negotiations with Snap-on to effect an orderly transition of the Snap-on Dealer Credit Programs and the Financings and (iv) cease all use of the Licensed Trademarks; and (b) all obligations of the parties hereto with respect to any future Financings and Ancillary Services under the Program Rights Agreement will cease; provided that the rights and obligations of the parties set forth in the Program Rights Agreement as they relate to completed Financings and Ancillary Services (including the obligations set forth in Article VII of the Program Rights Agreement) will continue in full force and effect.

9. Dispute Resolution.

(a) In the event of any dispute, claim, question or disagreement arising out of or relating to this Agreement the parties shall use reasonable efforts to settle such dispute, claim, question or disagreement. To this effect, they shall consult and negotiate with each other, in good faith, and, recognizing their mutual interests, attempt to reach a just and equitable solution satisfactory to both parties. If settlement is not otherwise possible

within a reasonable time (not to exceed 20 days or such longer period as the parties hereto may agree in writing), the Chief Executive Officers, Chief Financial Officers, or other comparable senior executive officers of Company and SFS, respectively, shall become involved in such efforts.

(b) If the parties do not reach a solution within a period of thirty (30) days after a matter is referred for conciliation, as provided above, the dispute shall be submitted to final and binding arbitration as the sole and exclusive remedy for such dispute. Unless prohibited by applicable law, any claim shall be made by filing a written demand for arbitration within one (1) year following the conduct, act or other event or occurrence first giving rise to the claim; otherwise, the right to any remedy shall be deemed forever waived and lost. The right and duty of the parties to this Agreement to resolve any disputes by arbitration shall be governed exclusively by the Federal Arbitration Act, as amended, and arbitration shall take place according to the commercial arbitration rules of the American Arbitration Association in effect as of the date hereof. The arbitration shall be held at the office of the American Arbitration Association in Chicago, Illinois. Each party will select one arbitrator and the two so chosen will select a third, and failing selection of an arbitrator by either party or by the two chosen by the parties, the arbitrator(s) shall be selected from a panel of neutral arbitrators provided by the American Arbitration Association and shall be chosen by the striking method. The parties each shall bear all of their own costs of arbitration; however, the fees of the arbitrators shall be divided equally between the parties. The arbitrators shall have no authority to amend or modify the terms of this Agreement. Each party further agrees that, unless such a limitation is prohibited by applicable law, the other party shall not be liable for punitive or exemplary damages and the arbitrators shall have no authority to award the same. The award or decision by a majority of the arbitrators shall be final and binding on the parties and may be enforced by judgment or order of any court having subject matter jurisdiction in the state where the arbitration took place (an "Arbitration State Court") or by any other court having jurisdiction over the parties. The parties consent to the exercise of personal jurisdiction over them by any Arbitration State Court and to the propriety of venue of any Arbitration State Court for the purpose of carrying out this provision; and they waive any objections that they would otherwise have to the same. No arbitration under this Agreement shall include, by consolidation, joinder or in any other manner, any Person other than the parties hereto or thereto and any Person in privity with or claiming through, in the right of or on behalf of such a party, unless both SFS and Company consent in writing. To the extent permitted by applicable law, no issue of fact or law shall be given preclusive or collateral estoppel effect in any arbitration hereunder, except to the extent such issue may have been determined in another proceeding between SFS and Company or any person in privity with or claiming through, in the right of or on behalf of SFS or Company.

(c) Each party shall have the right to seek from an appropriate court provisional remedies including, but not limited to, temporary restraining orders or preliminary injunctions before, during or after arbitration. Neither party need await the outcome of the arbitration before seeking provisional remedies. Seeking any such remedies shall not be deemed to be a waiver of either party's right to compel arbitration. Any such action shall be brought by the party in the county (or similar political unit) or federal judicial district where SFS resides, or where any property that may be subject of the action is located. The parties consent to the exercise of personal jurisdiction over them by courts located there and to the propriety of venue in such courts for the purpose of carrying out this provision; they waive any objections that they would otherwise have to the same; and they waive the right to have any such action decided by a jury.

10. Other Terms.

(a) All notices, requests, consents, or other communications provided for in or to be given under this Agreement shall be in writing, may be delivered in person, by overnight air courier or by mail, return receipt requested, and shall be deemed to have been duly given and to have become effective (i) upon receipt, if delivered in person, (ii) one day after having been delivered to an overnight air courier, or (iii) three days after having been deposited in the mails as certified or registered matter, all fees prepaid, directed to the

parties or their assignees at the following addresses: If to Company to Snap-on Credit LLC, 2801 80th Street, Kenosha, Wisconsin, 53141-1410, Attention: General Manager and CFO. If to SFS: to Snap-on Financial Services, Inc., 2801 80th Street, Kenosha, Wisconsin 53143, Attention: Chief Financial Officer and General Counsel (or at such other address as shall be given in writing by a party hereto).

(b) This Agreement and, except as otherwise expressly provided herein, any exhibit attached hereto may be amended only by an agreement in writing signed by both parties. No waiver of any provision nor consent to any exception to the terms of this Agreement shall be effective unless in writing and signed by the party to be bound and then only as to the specific purpose, extent and instance so provided.

(c) Except as otherwise provided in this Agreement, every covenant, term and provision of this Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective permitted successors, permitted transferees and permitted assigns. Except as provided in Section 4, this Agreement is not for the benefit of any other person, and no other person shall have any rights against the parties hereunder.

(d) Section headings are for descriptive purposes only and shall not control or alter the meaning of this Agreement as set forth in the text. When the context in which words are used in this Agreement indicates that such is the intent, words in the singular shall include the plural, and vice versa, and pronouns in the masculine shall include the feminine and neuter, and vice versa. Additionally, all defined phrases, pronouns, and other variations thereof shall be deemed to refer to the masculine, feminine, neuter, singular, or plural, as the actual identity of the organization, person, or persons may require. No provision of this Agreement shall be construed against any party hereto by reason of the extent to which such party or its counsel participated in the drafting hereof.

(e) Every provision of this Agreement is intended to be severable. If any term or provision hereof is illegal or invalid for any reason whatsoever, such illegality or invalidity shall not affect the validity or legality of the remainder of this Agreement.

(f) Except as set forth below, neither this Agreement nor any rights or obligations hereunder shall be assignable, or otherwise transferable by Company, in whole or in part. The parties contemplate that certain of the Finance Contracts and Financings will be purchased by Newcourt (the "Purchased Contracts") and that some or all of the Purchased Contracts will be securitized by Newcourt. Therefore, the parties acknowledge and agree that, notwithstanding any other provisions of this Agreement to the contrary, Company's rights

under this Agreement with respect to Purchased Contracts may be assigned to Newcourt and Newcourt's successors and assigns.

(g) SFS and Company agree to perform all further acts and execute, acknowledge and deliver any documents that may be reasonably necessary, appropriate or desirable to carry out the provisions of this Agreement.

(h) The laws of the State of Wisconsin shall govern the validity of this Agreement, the construction of its terms and the interpretation of the rights and duties of the parties.

(i) This Agreement may be executed in any number of counterparts with the same effect as if all parties have signed the same document. All counterparts shall be construed together and shall constitute one agreement. Delivery of an executed counterpart of a signature page to this Agreement by telecopier shall be effective as delivery of a manually-executed signature page hereto.

(j) Company is an independent contractor of SFS and nothing in this Agreement shall be construed to create or constitute a partnership, joint venture or any other agency or employment relationship between the parties hereto. Neither party is authorized to enter into any agreement on behalf of, assume any obligation for, or otherwise bind the other party financially or otherwise; nor is either party responsible for the obligations of the other party, including but not limited to obligations to the other's own employees,

their wage/salaries, benefits, vacation pay and the like.

(k) The termination of this Agreement by either party shall not be deemed to constitute an election of remedies, and the fact of such termination shall not preclude or prejudice the pursuit of any and all other remedies in addition thereto, either at law or in equity, including suits brought by the party terminating this Agreement to recover damages and sums due hereunder.

IN WITNESS WHEREOF, the parties have entered this Agreement as of the day and year first above written.

SNAP-ON FINANCIAL SERVICES, INC.

By: /s/ Michael F. Montomuro
Name
Title: President

SNAP-ON CREDIT LLC

By: /s/ Ned R. Brooks
Name
Title: General Manager

LICENSE AND ROYALTY AGREEMENT
DESCRIPTION OF ATTACHMENTS+

Exhibits:

Exhibit A	Licensed Trademarks
Exhibit B	Credit Incentive Management Fees

- --------

+ The exhibits to this document are not being filed herewith. The registrant agrees to furnish supplementally a copy of any such schedule or exhibit to the Securities and Exchange Commission upon request.

Exhibit No. 2.5

MANAGEMENT SERVICES AGREEMENT

THIS MANAGEMENT SERVICES AGREEMENT (this "Agreement") is made and entered into on and as of January 3, 1999 by and between Snap-on Credit LLC, a Delaware limited liability company ("Company"), and Newcourt Financial USA Inc., a Delaware corporation ("Newcourt").

WITNESSETH

WHEREAS, Company desires to engage Newcourt to perform certain management services ("Management Services") and may, in the future, wish to engage Newcourt to perform certain other mutually agreeable defined services ("Additional Services" and, together with the Management Services, the "Services");

WHEREAS, Company and Newcourt desire to agree upon the compensation to be paid by Company to Newcourt as consideration for the Management Services provided by Newcourt to Company herein; and

WHEREAS, capitalized definitional terms used herein and not otherwise defined herein shall have the meaning referred to or specified in the Definitional Supplement attached as an exhibit to the Agreement Respecting a Limited Liability Company dated December 1, 1998 between Snap-on Incorporated and Newcourt.

NOW, THEREFORE, in consideration of the foregoing and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto hereby agree as follows:

1. Management Services. Newcourt shall provide Company with the following Management Services as set forth in this Section 1:

(a) senior level management support and services as Newcourt deems reasonably necessary to cause the Company to achieve its targeted goals and objectives * ;

(b) securitization and reporting services in connection with New SPC's purchase of Finance Contracts from the Company and Newcourt's purchase of the Finance Contracts from the New SPC;

(c) accounting support as reasonably necessary to properly train the Company's personnel in the performance of its accounting, reporting and other similar functions;

- --------

* Indicates that material has been omitted and confidential treatment has been requested therefor. All such omitted material has been filed separeately with the SEC pursuant to Rule 24b-2.

(d) the preparation of financial statements for the Company;

(e) managerial support in connection with assisting the Company in determining which systems solutions shall be utilized to conduct the Company's business;

(f) international resources on an as-needed basis in foreign countries in which Newcourt has financing capabilities and Company desires to conduct business; and

(g) resources which are reasonably necessary for the implementation and/or arrangement of any agreed-upon expansion of finance programs until such time as the Company is able to implement and/or manage with its own resources.

2. Adequate Staff. Newcourt shall, during the term of this Agreement, maintain suitable staff and support services as may be necessary to adequately perform its responsibilities under this Agreement. Notwithstanding any other provision of this Agreement to the contrary, upon reasonable request, Company and Newcourt shall consult with each other, provide information and otherwise cooperate with each other so that each will be able to comply with and ascertain

compliance by the other party with this Agreement.

3. Compensation for Management Services. As consideration for the Management Services described in Section 1 above, Company shall pay to Newcourt monthly management fees equal to * (the "Base Fee"), plus or minus any increase or decrease pursuant to the terms and conditions set forth in Exhibit A attached hereto (the "Newcourt Management Fees"). * Company shall reimburse Newcourt for all expenses actually incurred by Newcourt in providing the services described in Subsections (e), (f) and (g) of Section 1 above (the "Newcourt Expenses"). The Newcourt Management Fees and the Newcourt Expenses shall be payable monthly in immediately available funds, in arrears, by Company to Newcourt by the 15th day of the following month. The first payment shall be due on April 15, 1999. Notwithstanding the foregoing, to the extent that the Board of Directors of Company determines, after due consideration of Company's income and expenses (including the amount of the Royalty Fee and the Snap-on Management Fees) in any month, that Company's * is insufficient to pay the full amount of * which are due and payable that month, then Company shall pay a pro rata portion of each of * which are due and payable that month and the shortfalls shall be paid on a pro rata basis from future * , as determined by Company's Board of Directors, together with the monthly payment that is then due hereunder. The term "Originations" shall mean the Finance

- ---------

* Indicates that material has been omitted and confidential treatment has been requested therefor. All such omitted material has been filed separately with the SEC pursuant to Rule 24b-2.

Contracts recorded by Company on its books and records as an asset regardless if such Finance Contracts are purchased by Company from an Authorized Dealer, Snap-on Incorporated or any of its Affiliates or are originated directly by Company or are originated directly by Newcourt pursuant to any vendor program agreement authorized by Company; provided, however, that any Finance Contracts included in the Existing Portfolio shall be excluded from the definition.

4. Additional Services. Newcourt may, at the request of Company, perform such other Additional Services as may be mutually agreeable to Company and Newcourt. A description of such Additional Services, if any, and the compensation payable by Company to Newcourt with respect thereto shall be set forth in an Addendum to this Agreement, in substantially the form of Exhibit B hereto, signed by Newcourt and Company. It is understood and agreed that such compensation shall be in addition to and not a part of the Newcourt Management Fees. Moreover, the limitation contained in the next to last sentence of Section 3 shall not apply to such compensation.

5. Limitations on Authority and Liability of Newcourt. The management and affairs of Company will, at all times, be subject to the management and control of the members, Board of Directors, officers and employees of Company. Except as otherwise expressly set forth herein, it is understood and agreed that Newcourt has no authority to bind Company to any contract or agreement or to incur any expenses, or otherwise spend any money on behalf of Company. When acting pursuant to this Agreement on behalf of Company, Newcourt will make it apparent to third parties that it is acting solely as an independent contractor and not in its individual capacity and not as an agent of Company. This is a service agreement only and the relationship of Newcourt and Company is that of independent contractor and principal only. The parties hereunder agree and understand that this Agreement does not vest the entire management powers or even substantial management powers of Company in Newcourt, but rather is restricted to limited support functions incorporated in the scope of the Services as defined from time to time. Newcourt assumes no responsibility under this Agreement other than to render the Services called for hereunder in good faith and shall not be responsible for any action of Company in following or declining to follow any advice or recommendations of Newcourt including without limitation any advice or recommendation of legal counsel. Newcourt shall not be responsible for errors made by legal counsel in the performance of Services. Company shall at all times retain exclusive management and control over its business operations, policy decisions, officers and employees. The employees of Newcourt shall not be considered employees of Company for any purpose. Newcourt (including its Affiliates), its directors, shareholders, officers and employees will not be liable to Company, Company's members or others, except by reason of acts constituting bad faith, or willful misconduct. Company shall reimburse, indemnify and hold harmless Newcourt and its directors, shareholders, officers

and employees of and from any and all expenses (including, without limitation, reasonable attorneys' fees), losses, damages, liabilities, demands, charges and claims of any nature whatsoever in respect of or arising from any acts or omissions performed or omitted by Newcourt in connection with the Services provided hereunder in good faith and in accordance with the above standard of care.

6. * Employees.

(a) * .

(b) * .

(c) * .

(d) * .

(e) * .

7. Miscellaneous.

(a) This Agreement shall be effective beginning on the 3rd day of January, 1999 and, unless sooner terminated or renewed as provided in this Section, shall terminate on January 2, 2004. This Agreement shall automatically renew and remain in effect for any Renewal Term of the Operating Agreement. Subject to the following sentence, this Agreement shall terminate as follows:

(i) upon the written consent of Newcourt and all of the Members of the Company;

(ii) upon the Insolvency or dissolution of the Company; or

(iii) upon the termination or expiration of the Operating Agreement .

Upon termination or expiration of this Agreement, the rights and obligations of the parties set forth herein as they relate to completed Financings and Ancillary Services will continue in full force and effect. Notwithstanding any other provision of this Agreement to the contrary, upon termination or expiration of this Agreement all obligations of Newcourt with respect to the Joint Employees shall terminate as provided in Section 6 of this Agreement.

(b) This Agreement contains the entire agreement between the parties hereto with respect to the subject matter hereof, and any agreement hereafter shall be ineffective to

- ---------

* Indicates that material has been omitted and confidential treatment has been requested therefor. All such omitted material has been filed separately with the SEC pursuant to Rule 24b-2.

modify or amend such agreement or constitute a waiver of any of the provisions hereof unless such agreement is in writing and signed by the party against whom enforcement, modification, amendment or waiver is sought.

(c) All notices, requests, consents, or other communications provided for in or to be given under this Agreement shall be in writing, may be delivered in person, by overnight air courier or by mail, return receipt requested, and shall be deemed to have been duly given and to have become effective (i) upon receipt if delivered in person, (ii) one day after having been delivered to an overnight air courier, or (iii) three days after having been deposited in the mails as certified or registered matter, all fees prepaid, directed to the parties or their assignees at the following addresses (or at such other address as shall be given in writing by a party hereto):

Company: Snap-on Credit LLC
2801 80th Street
Kenosha, Wisconsin 53141-1410
Attention: General Manager and Chief Financial Officer

Newcourt: CFO & Chief Counsel
Newcourt Financial USA Inc.
2 Gatehall Drive
Parsippany, New Jersey 07054

Any person required to give notice pursuant to this Agreement shall have the burden of proving the validity of the notice.

(d) The invalidity of any clause, part or provision of this Agreement shall not affect the validity of the remaining portions hereof.

(e) This Agreement shall not be assigned by either party without the prior written consent of the other party. It is understood and agreed that Newcourt may delegate any or all of its duties and responsibilities herein to any Affiliate of Newcourt. Such Affiliate shall, on behalf of Newcourt, deliver Services to Company subject to the provisions of this Agreement, including without limitation, Section 5 hereof. Thus, references to Newcourt in this Agreement means Newcourt itself and, when acting through one or more of its Affiliates, those Affiliates.

(f) Section headings are for descriptive purposes only and shall not control or alter the meaning of this Agreement as set forth in the text. When the context in which words are used in this Agreement indicates that such is the intent, words in the singular shall include the plural, and vice versa, and pronouns in the masculine shall include the feminine and neuter, and vice versa. Additionally, all defined phrases, pronouns, and other variations thereof shall be deemed to refer to the masculine, feminine, neuter, singular, or plural, as the actual identity of the organization, person, or persons may require. No provision of this Agreement shall be construed against any party hereto by reason of the extent to which such party or its counsel participated in the drafting hereof.

(g) This Agreement shall be governed by and interpreted in accordance with the laws of the State of Wisconsin.

(h) This Agreement may be executed in any number of counterparts, and the counterparts together shall constitute one agreement binding all parties and their permitted successors and assigns.

(i) In the event of any dispute, claim, question or disagreement arising out of or relating to this Agreement the parties shall use reasonable efforts to settle such dispute, claim, question or disagreement. To this effect, they shall consult and negotiate with each other, in good faith, and, recognizing their mutual interests, attempt to reach a just and equitable solution satisfactory to both parties. If settlement is not otherwise possible within a reasonable time (not to exceed 20 days), the Chief Executive Officers, Chief Financial Officers, or other comparable senior executive officers of Company and Newcourt, respectively, shall become involved in such efforts.

(j) If the parties do not reach a solution within a period of thirty (30) days after a matter is referred for conciliation, as provided above, the dispute shall be submitted to final and binding arbitration as the sole and exclusive remedy for such dispute. Unless prohibited by applicable law, any claim shall be made by filing a written demand for arbitration within one (1) year following the conduct, act or other event or occurrence first giving rise to the claim; otherwise, the right to any remedy shall be deemed forever waived and lost. The right and duty of the parties to this Agreement to resolve any disputes by arbitration shall be governed exclusively by the Federal Arbitration Act, as amended, and arbitration shall take place according to the commercial arbitration rules of the American Arbitration Association in effect as of the date hereof. The arbitration shall be held at the office of the American Arbitration Association in Chicago, Illinois. Each party will select one arbitrator and the two so chosen will select a third, and failing selection of an arbitrator by either party or by the two chosen by the parties, the

arbitrator(s) shall be selected from a panel of neutral arbitrators provided by the American Arbitration Association and shall be chosen by the striking method. The parties each shall bear all of their own costs of arbitration; however, the fees of the arbitrators shall be divided equally between the parties. The arbitrators shall have no authority to amend or modify the terms of this Agreement. Each party further agrees that, unless such a limitation is prohibited by applicable law, the other party shall not be liable for punitive or exemplary damages and the arbitrators shall have no authority to award the same. The award or decision by a majority of the arbitrators shall be final and binding on the parties and may be enforced by judgment or order of any court having subject matter jurisdiction in the state where the arbitration took place (an "Arbitration State Court") or by any other court having jurisdiction over the parties. The parties consent to the exercise of personal jurisdiction over them by any such Arbitration State Court and to the propriety of venue of any such Arbitration State Court for the purpose of carrying out this provision; and they waive any objections that they would otherwise have to the same. No arbitration under this Agreement shall include, by consolidation, joinder or in any other manner, any Person other then the parties hereto and any Person in privity with or claiming through, in the right of or on behalf of such a party, unless both Company and Newcourt consent in writing. To the extent permitted by applicable law, no issue of fact or law shall be given preclusive or

collateral estoppel effect in any arbitration hereunder, except to the extent such issue may have been determined in another proceeding between Newcourt and Company or any person in privity with or claiming through, in the right of or on behalf of Newcourt or Company.

(k) Newcourt and Company agree to perform all further acts and execute, acknowledge and deliver any documents that may be reasonably necessary, appropriate or desirable to carry out the provisions of this Agreement.

IN WITNESS WHEREOF, the parties hereto have executed this Management Services Agreement as of the day and year first above written.

SNAP-ON CREDIT LLC

By: /s/ Ned R. Brooks
Name: Ned R. Brooks
Title: General Manager

NEWCOURT FINANCIAL USA INC.

By: /s/ Robert J. Hicks
Name: Robert J. Hicks
Title: Executive Vice President

Snap-on Incorporated hereby agrees to the terms of Section 6(d) which are applicable to it.

SNAP-ON INCORPORATED

By: /s/ Donald S. Huml
Name: Donald S. Huml
Title: Chief Financial Officer

NEWCOURT MANAGEMENT SERVICES AGREEMENT
DESCRIPTION OF ATTACHMENTS+

Exhibits:

Exhibit A	Credit Incentive Management Fees
Exhibit B	Form of Addendum

- --------

+ The exhibits to this document are not being filed herewith. The registrant agrees to furnish supplementally a copy of any such schedule or exhibit to the Securities and Exchange Commission upon request.

Exhibit No. 2.6

MANAGEMENT SERVICES AGREEMENT

THIS MANAGEMENT SERVICES AGREEMENT (this "Agreement") is made and entered into on and as of January 3, 1999, by and between Snap-on Credit LLC, a Delaware limited liability company ("Company"), and Snap-on Incorporated, a Delaware corporation ("Snap-on").

W I T N E S S E T H

WHEREAS, Company desires to engage Snap-on to perform certain collections and strategic planning services ("Management Services") and may, in the future, wish to engage Snap-on to perform certain other mutually agreeable defined services ("Additional Services" and, together with the Management Services, the "Services");

WHEREAS, Company and Snap-on desire to agree upon the compensation to be paid by Company to Snap-on as consideration for the Management Services provided by Snap-on to Company herein; and

WHEREAS, capitalized definitional terms used herein and not otherwise defined herein shall have the meaning referred to or specified in the Definitional Supplement attached as an exhibit to the Agreement Respecting a Limited Liability Company dated December 1, 1998 between Snap-on Incorporated and Newcourt Financial USA Inc.

NOW, THEREFORE, in consideration of the foregoing and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto hereby agree as follows:

1. Collection Services.

(a) Snap-on shall, in connection with the collection of Pool Accounts, and subject at all times to the general supervision and control of Company, fulfill the following duties:

(i) Snap-on shall, and shall cause its Affiliates to, assist Company in the collection from Obligors under Pool Accounts of amounts payable thereunder. In connection therewith, Snap-on shall, and shall cause its Affiliates to, use reasonable efforts to enforce, and to cause Authorized Dealers, sales representatives and franchisees of Snap-on and Snap-on Tools Company to perform the collection services required to be performed by such dealers and franchisees in their respective Dealer Servicing Agreements * .

- ----------

* Indicates that material has been omitted and confidential treatment has been requested therefor. All such omitted material has been filed separately with the SEC pursuant to Rule 24b-2.

(ii) Snap-on shall comply with all applicable legal requirements in the performance of its collection functions hereunder, except where the failure to so comply would not have a Material Adverse Effect on Company.

(iii) In the event that Snap-on shall receive any payment from an Obligor in respect to any Pool Account, Snap-on shall account to Company for any funds so received, and forward such funds to Company, as promptly as practicable thereafter but not more frequently than once per week.

(b) Snap-on shall not institute, nor engage any attorneys to institute, legal action or proceedings for the collection of delinquent Pool Accounts or the repossession of Tools and Equipment. Further, Snap-on need not undertake any collection efforts that are not contemplated in the Program Rights Agreement or the Credit, Collections and Operations Manual.

(c) Company agrees that it will coordinate its collection efforts with Snap-on and that Company will deliver to Snap-on by the end of each calendar month a report identifying with reasonable specificity each Pool Account which is, as of the end of the prior calendar month, in default together with the

amount, if any, that is then past due. Company will cooperate with Snap-on in the performance of Snap-on's collection activities hereunder. To the extent not inconsistent with this Agreement or unduly burdensome to Snap-on, Snap-on will cooperate with Company's collection efforts.

(d) In the event taxes (other than taxes imposed on Snap-on's net income) are imposed on Snap-on for services performed by Snap-on employees for the Company pursuant to this Section 1, Company will be responsible for payment of such tax and shall reimburse Snap-on, promptly upon demand, for any taxes so paid by Snap-on.

2. Strategic Planning Services. Snap-on will provide the following strategic planning services for Company: develop long-term policy-oriented plans to identify core competencies; devise plans and strategies respecting the development of new markets, products and programs; and assess existing programs and establish financial targets and profitability goals. Snap-on shall not be required to devote more than 20 employee hours to the performance of services under this Section during any one calendar quarter.

3. Adequate Staff. Snap-on shall, during the term of this Agreement, maintain suitable staff, facilities and support services as may be necessary to adequately perform its responsibilities under this Agreement. The parties acknowledge that the staffing level contemplated by Snap-on's "Project * ," as provided by Snap-on to the public in various releases, is adequate for purposes of the performance of the Management Services.

- ----------

* Indicates that material has been omitted and confidential treatment has been requested therefor. All such omitted material has been filed separately with the SEC pursuant to Rule 24b-2.

Notwithstanding any other provision of this Agreement to the contrary, upon reasonable request Company and Snap-on shall consult with each other, provide information and otherwise cooperate with each other so that each will be able to comply with and ascertain compliance by the other party with this Agreement.

4. Compensation for Management Services. As consideration for the Management Services described in Sections 1 and 2 above, Company shall pay to Snap-on a monthly service fee equal to * (the "Base Fee"), plus or minus any increase or decrease pursuant to the terms and conditions set forth in Exhibit A attached hereto (the "Snap-on Management Fees"). * The Snap-on Management Fees shall be payable monthly in immediately available funds, in arrears, by Company to Snap-on by the 15th day of the following month. The first payment shall be due on April 15, 1999. Notwithstanding the foregoing, to the extent that the Board of Directors of Company determines, after due consideration of Company's income and expenses (including the amount of the Royalty Fee and the Newcourt Management Fees) in any month, that Company's * is insufficient to pay the full amount of * , which are due and payable that month, then Company shall pay a pro rata portion of each of the * which are due and payable that month and the shortfalls shall be paid on a pro rata basis from future * , as determined by Company's Board of Directors, together with the monthly payment that is then due hereunder. The term "Originations" shall mean the Finance Contracts recorded by Company on its books and records as an asset regardless if such Finance Contracts are purchased by Company from an Authorized Dealer, Snap-on Incorporated or any of its Affiliates or are originated directly by Company or are originated directly by Newcourt pursuant to any vendor program agreement authorized by Company; provided, however, that any Finance Contracts included in the Existing Portfolio shall be excluded from the definition.

5. Additional Services. Snap-on may, at the request of Company, perform such other Additional Services as may be mutually agreeable to Company and Snap-on. A description of such Additional Services, if any, and the compensation payable by Company to Snap-on with respect thereto shall be set forth in an Addendum to this Agreement, in substantially the form of Exhibit B hereto, signed by Snap-on and Company. It is understood and agreed that such compensation shall be in addition to and not a part of the Snap-on

- ----------

* Indicates that material has been omitted and confidential treatment has been requested therefor. All such omitted material has been filed separately with the SEC pursuant to Rule 24b-2.

Management Fees. Moreover, the limitation contained in the next to the last sentence of Section 4 shall not apply to such compensation.

6. Employees.

(a) * .

(b) * .

(c) * .

(d) * .

(e) * .

(f) * .

7. Limitations on Authority and Liability of Snap-on. The management and affairs of Company will, at all times, be subject to the management and control of the members, Board of Directors, officers and employees of Company. Except as otherwise expressly set forth herein, it is understood and agreed that Snap-on has no authority to bind Company to any contract or agreement or to incur any expenses or otherwise spend any money on behalf of Company. When acting pursuant to this Agreement on behalf of Company, Snap-on will make it apparent to third parties that it is acting solely as an independent contractor and not in its individual capacity and not as an agent of Company. This is a service agreement only and the relationship of Snap-on and Company is that of independent contractor and principal only. The parties hereunder agree and understand that this Agreement does not vest the entire management powers or even substantial management powers of Company in Snap-on, but rather is restricted to limited support functions incorporated in the scope of the Services as defined from time to time. Snap-on assumes no responsibility under this Agreement other than to render the Services and provide the services of the Employees called for hereunder in good faith and shall not be responsible for any action of Company in following or declining to follow any advice or recommendations of Snap-on or the Employees including without limitation any advice or recommendation of legal counsel. Snap-on shall not

- ----------

* Indicates that material has been omitted and confidential treatment has been requested therefor. All such omitted material has been filed separately with the SEC pursuant to Rule 24b-2.

be responsible for errors made by legal counsel in the performance of the Services. Company shall at all times retain exclusive management and control over its business operations and policy decisions. The employees of Snap-on (including the Employees) shall not be considered employees of Company for any purpose. Snap-on (including its Affiliates), its directors, shareholders, officers and employees (including the Employees) will not be liable to Company, Company's members or others, except by reason of acts constituting gross negligence, bad faith, or willful misconduct. Company shall reimburse, indemnify and hold harmless Snap-on and its directors, shareholders, officers and employees of and from any and all expenses, losses, damages, liabilities, demands, charges and claims of any nature whatsoever in respect of or arising from any acts or omissions performed or omitted by Snap-on in connection with the Services provided hereunder in good faith and in accordance with the above standard of care.

8. Definitions.

(a) "Obligor" means a Person obligated to make payments pursuant to a Finance Contract.

(b) "Pool Account" means a Receivable owned or serviced by Company.

(c) "Receivable" means the indebtedness of any Obligor under a Finance Contract whether constituting an account, chattel paper, instrument or general intangible.

9. Miscellaneous.

(a) This Agreement shall be effective beginning on the 3rd day of January, 1999 and, unless sooner terminated or renewed as provided in this Section, shall terminate on January 2, 2004. This Agreement shall automatically renew and remain in effect for any Renewal Term of the Operating Agreement. Subject to the following sentence, this Agreement shall terminate as follows:

(i) upon the written consent of Snap-on and all of the Members of the Company;

(ii) upon the Insolvency or dissolution of the Company; or

(iii) upon the termination or expiration of the Operating Agreement.

Upon termination or expiration of this Agreement, the rights and obligations of the parties set forth herein as they relate to completed Financings and Ancillary Services will continue in full force and effect.

(b) This Agreement contains the entire agreement between the parties hereto with respect to the subject matter hereof, and any agreement hereafter shall be ineffective to modify or amend such agreement or constitute a waiver of any of the provisions

hereof unless such agreement is in writing and signed by the party against whom enforcement, modification, amendment or waiver is sought.

(c) All notices, requests, consents, or other communications provided for in or to be given under this Agreement shall be in writing, may be delivered in person, by overnight air courier or by mail, return receipt requested, and shall be deemed to have been duly given and to have become effective (i) upon receipt if delivered in person, (ii) one day after having been delivered to an overnight air courier, or (iii) three days after having been deposited in the mails as certified or registered matter, all fees prepaid, directed to the parties or their assignees at the following addresses (or at such other address as shall be given in writing by a party hereto):

Company: Snap-on Credit LLC
2801 80th Street
Kenosha, Wisconsin 53141-1410
Attention: General Manager and Chief Financial Officer

Snap-on: Snap-on Incorporated
10801 Corporate Drive
Pleasant Prairie, Wisconsin 53142
Attention: Chief Financial Officer and General Counsel

Any person required to give notice pursuant to this Agreement shall have the burden of proving the validity of the notice.

(d) The invalidity of any clause, part or provision of this Agreement shall not affect the validity of the remaining portions hereof.

(e) This Agreement shall not be assigned by either party without the prior written consent of the other party. It is understood and agreed that Snap-on may delegate any or all of its duties and responsibilities herein to any Affiliate of Snap-on. Such Affiliate shall, on behalf of Snap-on, deliver Services to Company subject to the provisions of this Agreement, including without limitation, Section 7 hereof. Thus, references to Snap-on in this Agreement means Snap-on itself and, when acting through one or more of its Affiliates, those Affiliates.

(f) Section headings are for descriptive purposes only and shall not control or alter the meaning of this Agreement as set forth in the text. When the context in which words are used in this Agreement indicates that such is the intent, words in the singular shall include the plural, and vice versa, and pronouns in the masculine shall include the feminine and neuter, and vice versa. Additionally, all defined phrases, pronouns, and other variations thereof shall

be deemed to refer to the masculine, feminine, neuter, singular or plural, as the actual identity of the organization, person or persons may require. No provision of this Agreement shall be construed against any party hereto by reason of the extent to which such party or its counsel participated in the drafting hereof.

(g) This Agreement shall be governed by and interpreted in accordance with the laws of the State of Wisconsin.

(h) This Agreement may be executed in any number of counterparts, and the counterparts together shall constitute one agreement binding all parties and their permitted successors and assigns.

(i) In the event of any dispute, claim, question or disagreement arising out of or relating to this Agreement the parties shall use reasonable efforts to settle such dispute, claim, question or disagreement. To this effect, they shall consult and negotiate with each other, in good faith, and, recognizing their mutual interests, attempt to reach a just and equitable solution satisfactory to both parties. If settlement is not otherwise possible within a reasonable time (not to exceed 20 days or such longer period as the parties hereto may agree in writing), the Chief Executive Officers, Chief Financial Officers, or other comparable senior executive officers of Company and Snap-on, respectively, shall become involved in such efforts.

(j) If the parties do not reach a solution within a period of thirty (30) days after a matter is referred for conciliation, as provided above, the dispute shall be submitted to final and binding arbitration as the sole and exclusive remedy for such dispute. Unless prohibited by applicable law, any claim shall be made by filing a written demand for arbitration within one (1) year following the conduct, act or other event or occurrence first giving rise to the claim; otherwise, the right to any remedy shall be deemed forever waived and lost. The right and duty of the parties to this Agreement to resolve any disputes by arbitration shall be governed exclusively by the Federal Arbitration Act, as amended, and arbitration shall take place according to the commercial arbitration rules of the American Arbitration Association in effect as of the date hereof. The arbitration shall be held at the office of the American Arbitration Association in Chicago, Illinois. Each party will select one arbitrator and the two so chosen will select a third, and failing selection of an arbitrator by either party or by the two chosen by the parties, the arbitrator(s) shall be selected from a panel of neutral arbitrators provided by the American Arbitration Association and shall be chosen by the striking method. The parties each shall bear all of their own costs of arbitration; however, the fees of the arbitrators shall be divided equally between the parties. The arbitrators shall have no authority to amend or modify the terms of this Agreement. Each party further agrees that, unless such a limitation is prohibited by applicable law, the other party shall not be liable for punitive or exemplary damages and the arbitrators shall have no authority to award the same. The award or decision by a majority of the arbitrators shall be final and binding on the parties and may be enforced by judgment or order of any court having subject matter jurisdiction in the state where the arbitration took place (an "Arbitration State Court") or by any other court having jurisdiction over the parties. The parties consent to the exercise of personal jurisdiction over them by any such Arbitration State Court and to the propriety of venue of any such Arbitration State Court for the purpose of carrying out this provision; and they waive any objections that they would otherwise have to the same. No arbitration under this Agreement shall include, by consolidation, joinder or in any other manner, any Person other than the parties hereto and any Person in privity with or claiming through, in the right of or on behalf of such a party, unless both Company and Snap-on consent in writing. To the extent permitted by applicable law, no issue of fact or law shall be given preclusive or

collateral estoppel effect in any arbitration hereunder, except to the extent such issue may have been determined in another proceeding between Snap-on and Company or any person in privity with or claiming through, in the right of or on behalf of Snap-on or Company.

(k) Snap-on and Company agree to perform all further acts and execute, acknowledge and deliver any documents that may be reasonably necessary, appropriate or desirable to carry out the provisions of this Agreement.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the day and year first above written.

SNAP-ON CREDIT LLC

By: /s/ Ned R. Brooks
Name

General Manager
Title

SNAP-ON INCORPORATED

By: /s/ Donald S. Huml
Name

Chief Financial Officer
Title

SNAP-ON MANAGEMENT SERVICES AGREEMENT AND
DESCRIPTION OF ATTACHMENTS+

Exhibits:

Exhibit A	Credit Incentive Management Fees
Exhibit B	Form of Addendum

- --------

+ The exhibits to this document are not being filed herewith. The registrant agrees to furnish supplementally a copy of any such schedule or exhibit to the Securities and Exchange Commission upon request.