

SNAP-ON Inc  
Form 10-Q  
July 21, 2011  
Table of Contents

**UNITED STATES**  
**SECURITIES AND EXCHANGE COMMISSION**  
**Washington, D.C. 20549**  
**FORM 10-Q**

(Mark one)

**QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**  
For the quarterly period ended **July 2, 2011 July 2, 2011**

**OR**

**TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**  
For the transition period from \_\_\_\_\_ to \_\_\_\_\_

**Commission File Number 1-7724**

(Exact name of registrant as specified in its charter)

**Delaware**  
(State of incorporation)

**39-0622040**  
(I.R.S. Employer Identification No.)

**2801 80<sup>th</sup> Street, Kenosha, Wisconsin**  
(Address of principal executive offices)

**53143**  
(Zip code)

**(262) 656-5200**

(Registrant's telephone number, including area code)

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

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes  No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of large accelerated filer, accelerated filer and smaller reporting company in Rule 12b-2 of the Exchange Act.

Large accelerated filer  Accelerated filer  Non-accelerated filer  Smaller reporting company

## Edgar Filing: SNAP-ON Inc - Form 10-Q

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes  No

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

Class	Outstanding at July 15, 2011
Common Stock, \$1.00 par value	58,193,741 shares

**Table of Contents****TABLE OF CONTENTS**

	Page
<b>Part I: Financial Information</b>	
Item 1. Financial Statements	
<u>Condensed Consolidated Statements of Earnings (unaudited) Three and Six Months Ended July 2, 2011, and July 3, 2010</u>	3
<u>Condensed Consolidated Balance Sheets (unaudited) July 2, 2011, and January 1, 2011</u>	4-5
<u>Condensed Consolidated Statements of Shareholders Equity (unaudited) Six Months Ended July 2, 2011, and July 3, 2010</u>	6
<u>Condensed Consolidated Statements of Comprehensive Income (unaudited) Three and Six Months Ended July 2, 2011, and July 3, 2010</u>	7
<u>Condensed Consolidated Statements of Cash Flow (unaudited) Six Months Ended July 2, 2011, and July 3, 2010</u>	8
<u>Notes to Condensed Consolidated Financial Statements (unaudited)</u>	9-31
Item 2. <u>Management's Discussion and Analysis of Financial Condition and Results of Operations</u>	32-51
Item 3. <u>Quantitative and Qualitative Disclosures About Market Risk</u>	52-53
Item 4. <u>Controls and Procedures</u>	53
<b>Part II: Other Information</b>	
Item 1. <u>Legal Proceedings</u>	54
Item 2. <u>Unregistered Sales of Equity Securities and Use of Proceeds</u>	54
Item 6. <u>Exhibits</u>	56
<u>Signatures</u>	57
<u>Exhibit Index</u>	58

**Table of Contents****PART I. FINANCIAL INFORMATION****Item 1: Financial Statements****SNAP-ON INCORPORATED****CONDENSED CONSOLIDATED STATEMENTS OF EARNINGS****(Amounts in millions, except per share data)****(Unaudited)**

	Three Months Ended		Six Months Ended	
	July 2, 2011	July 3, 2010	July 2, 2011	July 3, 2010
Net sales	\$ 726.7	\$ 647.6	\$ 1,420.4	\$ 1,269.2
Cost of goods sold	(384.5)	(343.8)	(747.6)	(677.8)
Gross profit	342.2	303.8	672.8	591.4
Operating expenses	(243.4)	(224.8)	(486.7)	(440.7)
Operating earnings before financial services	98.8	79.0	186.1	150.7
Financial services revenue	30.3	13.9	56.1	23.6
Financial services expenses	(12.8)	(12.2)	(26.1)	(23.6)
Operating earnings from financial services before arbitration settlement	17.5	1.7	30.0	
Arbitration settlement	18.0		18.0	
Operating earnings from financial services	35.5	1.7	48.0	
Operating earnings	134.3	80.7	234.1	150.7
Interest expense	(16.3)	(13.2)	(32.6)	(27.2)
Other income (expense) net	0.9	(0.8)	1.7	(0.5)
Earnings before income taxes and equity earnings	118.9	66.7	203.2	123.0
Income tax expense	(39.8)	(20.3)	(67.0)	(39.3)
Earnings before equity earnings	79.1	46.4	136.2	83.7
Equity earnings, net of tax	0.8	0.5	1.7	1.2
Net earnings	79.9	46.9	137.9	84.9
Net earnings attributable to noncontrolling interests	(1.9)	(1.6)	(3.7)	(2.8)
Net earnings attributable to Snap-on Incorporated	\$ 78.0	\$ 45.3	\$ 134.2	\$ 82.1
Net earnings per share attributable to Snap-on Incorporated:				
Basic	\$ 1.34	\$ 0.78	\$ 2.31	\$ 1.42

Edgar Filing: SNAP-ON Inc - Form 10-Q

Diluted	1.33	0.78	2.29	1.41
Weighted-average shares outstanding:				
Basic	58.2	58.0	58.2	57.9
Effect of dilutive options	0.6	0.3	0.5	0.4
Diluted	58.8	58.3	58.7	58.3
Dividends declared per common share	\$ 0.32	\$ 0.30	\$ 0.64	\$ 0.60
See Notes to Condensed Consolidated Financial Statements				

**Table of Contents**

**SNAP-ON INCORPORATED**  
**CONDENSED CONSOLIDATED BALANCE SHEETS**

(Amounts in millions, except share data)

(Unaudited)

	July 2, 2011	January 1, 2011
<b>ASSETS</b>		
Current assets		
Cash and cash equivalents	\$ 418.2	\$ 572.2
Trade and other accounts receivable net	452.2	443.3
Finance receivables net	250.8	215.3
Contract receivables net	45.5	45.6
Inventories net	392.2	329.4
Deferred income tax assets	90.8	87.0
Prepaid expenses and other assets	86.2	72.7
<b>Total current assets</b>	<b>1,735.9</b>	<b>1,765.5</b>
Property and equipment		
Land	21.6	20.5
Buildings and improvements	273.9	261.9
Machinery, equipment and computer software	634.7	620.9
	930.2	903.3
Accumulated depreciation and amortization	(573.0)	(559.3)
<b>Property and equipment net</b>	<b>357.2</b>	<b>344.0</b>
Deferred income tax assets	94.6	91.5
Long-term finance receivables net	398.1	345.7
Long-term contract receivables net	143.1	119.3
Goodwill	827.2	798.4
Other intangibles net	193.0	192.8
Other assets	77.4	72.2
<b>Total assets</b>	<b>\$ 3,826.5</b>	<b>\$ 3,729.4</b>

See Notes to Condensed Consolidated Financial Statements

**Table of Contents**

**SNAP-ON INCORPORATED**  
**CONDENSED CONSOLIDATED BALANCE SHEETS**

(Amounts in millions, except share data)

(Unaudited)

	July 2, 2011	January 1, 2011
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>		
Current liabilities		
Notes payable and current maturities of long-term debt	\$ 215.0	\$ 216.0
Accounts payable	139.0	146.1
Accrued benefits	44.4	45.0
Accrued compensation	80.0	86.7
Franchisee deposits	41.5	40.4
Other accrued liabilities	251.1	346.9
<b>Total current liabilities</b>	<b>771.0</b>	<b>881.1</b>
Long-term debt	955.5	954.8
Deferred income tax liabilities	97.9	94.4
Retiree health care benefits	57.6	59.6
Pension liabilities	268.6	246.1
Other long-term liabilities	93.0	89.0
<b>Total liabilities</b>	<b>2,243.6</b>	<b>2,325.0</b>

Shareholders' equity