

SNAP ON INC  
Form DEF 14A  
March 14, 2005  
UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

**SCHEDULE 14A**

Proxy Statement Pursuant to Section 14(a) of  
the Securities Exchange Act of 1934 (Amendment No. )

Filed by the Registrant  x

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Check the appropriate box:

- o Preliminary Proxy Statement
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**Snap-on Incorporated**

(Name of Registrant as Specified In Its Charter)

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

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NOTICE OF 2005 ANNUAL MEETING OF SHAREHOLDERS  
AND PROXY STATEMENT

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10801 Corporate Drive  
Pleasant Prairie, WI 53158

## Notice of the 2005 Annual Meeting of Shareholders

March 14, 2005

Dear Shareholder:

Snap-on Incorporated will hold its 2005 Annual Meeting of Shareholders on Friday, April 22, 2005, at 10:00 a.m. (Central Time), at the Oak Brook Hills Resort and Conference Center, 3500 Midwest Road, Oak Brook, IL 60523. This year's meeting is being held for the following purposes:

1. to elect three Directors to serve for the next three years;
2. to ratify the Audit Committee's selection of Deloitte & Touche LLP as the Company's independent auditor for 2005; and
3. to transact any other business as may properly come before the Annual Meeting or any adjournment or postponement thereof.

In addition to the formal business, there will be a short presentation on Snap-on's financial performance and progress.

Only shareholders who had shares registered in their names at the close of business on February 22, 2005 will be able to vote at the Annual Meeting. The Annual Meeting will be Webcast live over the Internet via our Website, [www.snapon.com](http://www.snapon.com). A replay will be available on our Website for a limited time following the meeting.

If you are a shareholder and plan to attend the Annual Meeting in person, then please request an Admission Card in one of the ways described in the Proxy Statement under the section titled "Commonly Asked Questions and Answers about the Annual Meeting."

If you have any questions or comments, please direct them to Snap-on Incorporated, Investor Relations, 10801 Corporate Drive, Pleasant Prairie, Wisconsin 53158-1603. If you prefer, you may also e-mail questions or comments to [shareholders@snapon.com](mailto:shareholders@snapon.com). We always appreciate your interest in Snap-on and thank you for your continued support.

Your vote is important. Thank you for voting.

Sincerely,

Susan F. Marrinan  
*Vice President, Secretary and  
Chief Legal Officer*

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PROXY STATEMENT

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**COMMONLY ASKED QUESTIONS AND ANSWERS ABOUT THE ANNUAL MEETING**

**Q: WHEN WILL THIS PROXY STATEMENT FIRST BE MAILED TO SHAREHOLDERS?**

**A:** We expect to begin mailing this Proxy Statement to shareholders on March 14, 2005.

**Q: WHAT AM I VOTING ON?**

**A:** At the 2005 Annual Meeting you will be voting on two proposals:

1. The election of three Directors to serve terms of three years each. This year's Board nominees are:

- Roxanne J. Decyk
- Richard F. Teerlink
- Lars Nyberg

2. A proposal to ratify the Audit Committee's selection of Deloitte & Touche LLP as the Company's independent auditor for 2005.

**Q: WHAT ARE THE BOARD'S VOTING RECOMMENDATIONS?**

**A:** The Board of Directors is soliciting this proxy and recommends the following votes:

- FOR each of the Board's nominees; and
- FOR the ratification of the Audit Committee's selection of Deloitte & Touche LLP as the Company's independent auditor for 2005.

**Q: WHAT VOTE IS REQUIRED TO APPROVE EACH PROPOSAL?**

**A:** To conduct the Annual Meeting, more than 50% of the shares entitled to vote must be present in person or by proxy. This is referred to as a quorum. Assuming a quorum is present, Directors are elected by a plurality of the votes cast in person or by proxy at the meeting, and the ratification of the Audit Committee's selection of Deloitte & Touche LLP as the Company's independent auditor for 2005 requires an affirmative majority vote of the shares present in person or by proxy at the meeting. Plurality means that the nominees receiving the largest number of votes cast are elected as Directors up to the maximum number of Directors to be chosen at the meeting. An affirmative majority vote means a majority of the votes cast at the meeting have been voted FOR the proposal.

**Q: WHAT IF I DO NOT VOTE?**

**A:** The effect of not voting will depend on how your share ownership is registered.

If you are a shareholder whose shares are registered in your name and you do not vote, then your unvoted shares will not be represented at the meeting and will not count toward the quorum requirement. If a quorum is obtained, then your unvoted shares will not affect whether a proposal is approved or rejected.

If you are a shareholder whose shares are not registered in your name and you do not vote, then your bank, broker or other holder of record may represent your shares at the meeting. In the



absence of your voting instructions, your bank, broker or other holder of record may vote your shares in its discretion, in which case your shares will count toward the quorum and may affect whether a proposal is approved or rejected.

**Q: WHO MAY VOTE?**

**A:** You may vote at the Annual Meeting if you were a shareholder as of the close of business on February 22, 2005, which is the Record Date. Each outstanding share of Common Stock is entitled to one vote. As of the Record Date, Snap-on had 62,011,804 shares of Common Stock outstanding. This includes 4,077,117 shares held by the Snap-on Incorporated Grantor Stock Trust (the GST) on the Record Date. Shares of Common Stock held by the GST are considered outstanding for voting purposes but not for earnings per share calculations.

**Q: What is the GST?**

**A:** The GST was established to hold Common Stock to ensure the funding obligations that we have to certain of our employees under various employee benefit plans. The Trustee of the GST does not decide how to vote the Common Stock the GST holds. Rather, the trust agreement for the GST, as amended, provides that the GST shares will be voted in the same proportion as the non-GST shares, which are those shares that the Company's general shareholder population holds.

**Q: HOW DO I VOTE?**

**A:** We offer four methods by which your shares may be voted at the Annual Meeting. While we offer four methods, we encourage you to vote through the Internet as it is the most cost-effective method. We also recommend that you vote as soon as possible, even if you are planning to attend the Annual Meeting, so that the vote count will not be delayed. Both the Internet and the telephone provide convenient, cost-effective alternatives to returning your Proxy Card by mail. If you vote your shares through the Internet, then you may incur costs associated with electronic access, such as usage charges from Internet access providers. If you choose to vote your shares through the Internet or by telephone, there is no need for you to mail back your Proxy Card.

You may (i) vote in person at the Annual Meeting or (ii) authorize the persons named as proxies on the enclosed Proxy Card, Mr. Michaels and Ms. Marrinan, to vote your shares by returning the enclosed Proxy Card by mail, through the Internet or by telephone.

*To Vote Over the Internet:*

Log on to the Internet and go to the Website <http://www.eproxyvote.com/sna>. Have your Proxy Card available when you access the Website. You will need the control number from your Proxy Card to vote.

*To Vote By Telephone:*

On a touch-tone telephone, call **1-877-PRX-VOTE** (1-877-779-8683) 24 hours a day, 7 days a week. Have your Proxy Card available when you make the call. You will need the control number from your Proxy Card to vote.



*To Vote by Proxy Card:*

Complete, sign and return the Proxy Card to the address indicated on the Proxy Card.

If your shares are not registered in your name, then you vote by giving instructions to the firm that holds your shares rather than using any of these four methods. Please check the voting form of the firm that holds your shares to see if it offers Internet or telephone voting procedures.

**Q: WHAT DOES IT MEAN IF I RECEIVE MORE THAN ONE PROXY CARD?**

**A:** It means your shares are in more than one account. You should vote the shares on all of your Proxy Cards. To provide more cost-effective and efficient shareholder services in the future, if your shares are registered in your name, we encourage you to use the exact same name and address for all accounts. You may arrange this by contacting our transfer agent, Equiserve, toll-free at 1-800-446-2617.

**Q: WHO WILL COUNT THE VOTE?**

**A:** Equiserve, our transfer agent, will use an automated system to tabulate the votes. Its representatives will also serve as the election inspectors.

**Q: WHO CAN ATTEND THE ANNUAL MEETING?**

**A:** Shareholders are invited to attend the Annual Meeting, although space is limited. Due to space limitations and other security concerns, if you are a shareholder and plan to attend in person, then you must request an Admission Card by writing to the Office of the Corporate Secretary, Snap-on Incorporated, 2801 - 80th Street, P.O. Box 1410, Kenosha, Wisconsin 53141-1410. If you are a shareholder whose shares are not registered in your name, you must submit evidence of ownership with your request that reflects your share ownership as of the Record Date, such as a copy of a recent brokerage or bank account statement. The Corporate Secretary will determine whether any such evidence of ownership that you submit is acceptable. To facilitate the registration process, any requests for an Admission Card must be received by the Corporate Secretary by April 6, 2005. Requests received by the Corporate Secretary after April 6, 2005 will not be considered. Please also note that any requests for admission for guests who are not shareholders will be considered by the Corporate Secretary, in her discretion, and may, but need not be, granted.

**Q: MAY I VOTE AT THE ANNUAL MEETING?**

**A:** If you complete a Proxy Card, or vote through the Internet or by telephone, then you may still vote in person at the Annual Meeting, provided that you received an Admission Card. In addition, street name holders who wish to vote in person at the meeting will not be permitted to vote in person at the meeting unless they first obtain a proxy issued in their name from the bank, broker or other holder of record. To vote at the meeting, please give written notice that you would like to revoke your original proxy to one of the following:

- the Corporate Secretary, in advance of the Annual Meeting; or
- the authorized representatives at the Annual Meeting.

You may also make a change to your proxy by returning a later-dated proxy.



**Q: WHO IS MAKING THIS SOLICITATION AND HOW MUCH DOES IT COST?**

**A:** This solicitation is being made on behalf of Snap-on Incorporated by its Board of Directors. Our officers and employees may make solicitations by mail, telephone, facsimile or in person. We have retained Georgeson Shareholder Communications Inc., for \$7,500 plus expenses, to assist us in the solicitation of proxies. This assistance will include requesting brokerage houses, depositories, custodians, nominees and fiduciaries to forward proxy soliciting material to the beneficial owners of the stock they hold. We will bear the cost of this solicitation and reimburse Georgeson for these expenses.

**Q: WHEN ARE SHAREHOLDER PROPOSALS DUE FOR THE 2006 ANNUAL MEETING?**

**A:** The Corporate Secretary must receive a shareholder proposal no later than November 14, 2005, for the proposal to be considered for inclusion in our proxy materials for the 2006 Annual Meeting. To otherwise bring a proposal or nomination before the 2006 Annual Meeting, you must comply with our Bylaws. Currently, our Bylaws require written notice to the Corporate Secretary between January 22, 2006, and February 21, 2006. If we receive your notice after February 21, 2006, then your proposal or nomination would be untimely. Should the Board nevertheless choose to present your proposal, the named Proxies will be able to vote on the proposal using their best judgment.

**Q: WHAT IS THE CORPORATE SECRETARY S ADDRESS?**

**A:** The address of the Corporate Secretary is:

Corporate Secretary  
Snap-on Incorporated  
2801 - 80<sup>th</sup> Street  
P.O. Box 1410  
Kenosha, Wisconsin 53141-1410

**Q: WILL THERE BE OTHER MATTERS TO VOTE ON AT THIS ANNUAL MEETING?**

**A:** We are not aware of any other matters that you will be asked to vote on at the Annual Meeting. Other matters may be voted on if they are properly brought before the Annual Meeting in accordance with our Bylaws. If other matters are properly brought before the Annual Meeting, then the named Proxies will vote the proxies they hold in their discretion on such matters.

## ITEM 1: ELECTION OF DIRECTORS

### Nominees for Election

Following the resignation of Mr. Frank Ptak on February 21, 2005, the Board has 9 Directors. The Directors are divided into three classes. This year's Board nominees for election for terms expiring at the 2008 Annual Meeting are Roxanne J. Decyk, Lars Nyberg and Richard F. Teerlink. The following is information about those nominees and Snap-on's other Directors as of March 1, 2005. Pursuant to the Company's Restated Certificate of Incorporation and Bylaws, the Board must be comprised of three approximately equal classes. At the Annual Meeting each year, one class is nominated for election to a three-year term. Ms. Decyk, whose current term would not otherwise expire until 2006, has agreed to stand for re-election in 2005 for a term expiring at the 2008 Annual Meeting so that the Board will have three equal classes of three Directors each.

#### *Nominees for Election for Terms Expiring at the 2008 Annual Meeting*

##### **Roxanne J. Decyk**

*Director since 1993*

Ms. Decyk, age 52, has been Senior Vice President, Corporate Affairs and Human Resources of Shell Oil Company, an oil, gas, chemical and refined petroleum products company, since 2002. From 1999 through 2002, Ms. Decyk was the Vice President of Corporate Strategy of Shell International Limited, based in London, England.

##### **Lars Nyberg**

*Director since 2002*

Mr. Nyberg, age 53, has been Chairman of the Board of NCR Corporation, a provider of Teradata® warehouses and customer relationship management applications, since 1995. He was also NCR's Chief Executive Officer from 1995 to 2003. He also serves as a Director of Autoliv, Inc. and Sandvik AB based in Sweden, and is Chairman of Micronics Laser Systems AB, listed on the Stockholm Stock Exchange.

##### **Richard F. Teerlink**

*Director since 1997*

Mr. Teerlink, age 68, retired as Chairman of the Board of Harley-Davidson, Inc., a manufacturer of motorcycles, in 1998. He served as its Chief Executive Officer from 1989 to 1997, President from 1988 to 1997 and Chairman from 1996 to 1998. He also serves as a Director of Johnson Controls, Inc.

#### **THE BOARD RECOMMENDS THAT YOU VOTE FOR THE ELECTION OF THESE NOMINEES.**

Shares represented by proxies will be voted according to instructions on the Proxy Card. Only cards clearly indicating a vote withheld will be considered as a vote withheld from the nominees. If the Board learns prior to the Annual Meeting that a nominee is unable to serve, then the Board may name a replacement, in which case the shares represented by proxies will be voted for the substitute nominee.

## **Directors Not Standing for Election**

### *Directors Continuing to Serve until the 2006 Annual Meeting*

#### **Bruce S. Chelberg**

*Director since 1993*

Mr. Chelberg, age 70, retired as Chairman of the Board and Chief Executive Officer of Whitman Corporation, a consumer goods company, in 2000. He had served as its Chairman and Chief Executive Officer since 1992 and had served on Whitman's Board since 1988. Mr. Chelberg also serves as a Director of First Midwest Bancorp, Inc. and Northfield Laboratories, Inc.

#### **Arthur L. Kelly**

*Director since 1978*

Mr. Kelly, age 67, has been the managing partner of KEL Enterprises L.P., a holding and investment company, since 1982. He also is a Director of BASF Aktiengesellschaft, Bayerische Motoren Werke (BMW) A.G., Deere & Company and The Northern Trust Corporation.

#### **Jack D. Michaels**

*Director since 1998*

Mr. Michaels, age 67, has been our Chairman, President and Chief Executive Officer since November 2004. Prior to joining Snap-on, Mr. Michaels was the Chairman of the Board of HNI Corporation, a manufacturer and marketer of office furniture and hearth products, since 1996. In addition, from 1991 to 2004 he served as HNI's Chief Executive Officer, and from 1990 to 2003, he served as HNI's President. On February 16, 2005, Mr. Michaels notified HNI that he will be resigning from his position as Director effective as of May 4, 2005, the day following the date of HNI's 2005 annual meeting of shareholders. Mr. Michaels is also a Director of IPSCO Inc.

### *Directors Continuing to Serve until the 2007 Annual Meeting*

#### **John F. Fiedler**

*Director since 2004*

Mr. Fiedler, age 66, was the Chairman of the Board of BorgWarner Inc., a supplier of engineered systems and components primarily for automotive powertrain applications from 1996 until 2003. He was also the Chief Executive Officer of BorgWarner from 1995 until 2003. Mr. Fiedler also serves as a Director of AirTran Holdings, Inc., Mohawk Industries, Inc. and Yellow Roadway Corporation.

#### **W. Dudley Lehman**

*Director since 2003*

Mr. Lehman, age 53, is Group President Business to Business for Kimberly-Clark Corporation, a manufacturer and marketer of a wide range of consumer and business-to-business products from natural fibers. From 1995 to 2004, he served as Group President Infant and Child Care for Kimberly-Clark.

#### **Edward H. Rensi**

*Director since 1992*

Mr. Rensi, age 60, has been an owner and Chief Executive Officer of Team Rensi Motorsports since 1998, which sponsors two cars in the NASCAR Busch Series and also serves as a Director of International Speedway Corporation. From 1997 to 1998, he was a consultant to McDonald's U.S.A., a food service organization. He was President and Chief Executive Officer of McDonald's U.S.A. from 1991 to 1997.

## **CORPORATE GOVERNANCE PRACTICES AND BOARD INFORMATION**

### **Nomination of Directors**

The Corporate Governance and Nominating Committee fulfills the role of a nominating committee. The material terms of the Committee's role are included in its charter. You may find the Committee's charter on the Company's Website at [www.snapon.com](http://www.snapon.com). This charter requires that all members of the Committee meet the independence requirements of applicable law and regulation, including, without limitation, the requirements imposed by the listing standards of the New York Stock Exchange.

The Committee uses a variety of means to identify prospective Board members, including the Committee's contacts and recommendations from other sources. In addition, it may also retain a professional search firm to identify candidates. Pursuant to its charter, the Committee has the sole authority to retain and terminate any search firm to be used to identify director candidates and has the sole authority to approve the search firm's fees and other retention items.

The Committee will consider director candidates recommended by shareholders provided that the shareholders submitting recommendations follow the procedures set forth below. The Committee does not intend to alter the manner in which it evaluates candidates based on whether the candidate was recommended by a shareholder or not. If a shareholder wishes to suggest an individual for consideration as a nominee for election to the Board at the 2006 Annual Meeting, and possible inclusion in the Proxy Statement, we recommend that you submit your suggestion in writing to the Corporate Secretary before October 1, 2005 for forwarding to the Committee.

To bring a nomination before the 2006 Annual Meeting from the floor during the meeting, you must comply with our Bylaws. Currently, our Bylaws require written notice to the Corporate Secretary between January 22, 2006, and February 21, 2006. If we receive your notice after February 21, 2006, then your proposal or nomination would be untimely. The notice must also meet the requirements of our Bylaws.

The Committee has a procedure under which all director candidates are evaluated. When evaluating a candidate's capabilities to serve as a member of the Board, the Committee uses the following criteria: independence, the relationships that the candidate has with the Company (either directly or as a partner, shareholder or officer of an organization that has a relationship with the Company), conflicts of interest, ability to contribute to the oversight and governance of the Company, the candidate's skill sets and positions held at other companies, existing time commitments and diversity. Further, the Committee reviews the qualifications of any candidate with those of its current directors to augment and complement the skill sets of its current Board members. The Committee identifies qualified potential candidates without regard to any candidate's race, color, disability, gender, national origin, religion or creed, to ensure the fair representation of all shareholder interests.

## Shareholder Communications with the Board

Shareholders who wish to communicate with the Board of Directors, individually or as a group, should send their communications to the Corporate Secretary at the address listed below. The Corporate Secretary is responsible for forwarding communications to the appropriate Board members and screens these communications for security purposes.

Name of Director  
c/o Corporate Secretary  
Snap-on Incorporated  
2801 80<sup>th</sup> Street  
P.O. Box 1410  
Kenosha, WI 53141-1410

## Annual Meeting Attendance

All Directors may attend the Annual Meeting of Shareholders either in person or by telephone. If a Director attends by phone, he or she is also able to answer questions asked at the Annual Meeting. However, incumbent Directors that are not standing for re-election at the Annual Meeting are not required to attend. Last year, each Director attended the Annual Meeting in person.

## Board Information

The primary responsibility of the Board is to oversee the business and affairs of the Company. The Board met 8 times in 2004. All Directors attended at least 75% of the total meetings of the Board and committees of which they were members in 2004. The Board conducts executive sessions of non-management directors at every regular Board meeting. The Chair of the Corporate Governance and Nominating Committee presides at these executive sessions of the Board. Interested persons may communicate about appropriate subject matter with the Chair of the Corporate Governance and Nominating Committee as described above under the section titled Shareholder Communications with the Board .

The Board has reviewed the independence of its members, considering the independence tests promulgated by the New York Stock Exchange and has adopted categorical standards to assist it in making its determination of director independence. These categorical standards are attached to this Proxy Statement as Appendix A. The Board has affirmatively determined that each of Messrs. Chelberg, Fiedler, Kelly, Lehman, Nyberg, Rensi, Teerlink and Ms. Decyk are independent on the basis that they had no relationships with the Company other than those that fell within the categorical standards.

The Board is organized so that its committees focus on issues that may require more in depth scrutiny. The present committee structure consists of (i) Audit, (ii) Corporate Governance and Nominating, (iii) Executive, (iv) Finance and (v) Organization and Executive Compensation committees. Committee reports are presented to the full Board for discussion and review.

The Board has adopted Corporate Governance Guidelines. These Guidelines are located on the Company's Website at [www.snapon.com](http://www.snapon.com).

**Board Committee Membership and 2004 Activity**

<b>Name</b>	<b>Audit</b>	<b>Corporate Governance &amp; Nominating</b>	<b>Executive</b>	<b>Finance</b>	<b>Organization &amp; Executive Compensation</b>
Bruce S. Chelberg	X		X		