Quarterly Financial Review

Fourth Quarter 2008

February 4, 2009

Cautionary Statement

- These slides should be read in conjunction with comments from a conference call held on February 4, 2009. The financial statement information included herein is unaudited.

- Statements made during the February 4, 2009, conference call and/or information included in this presentation may contain statements, including earnings projections, that are forward-looking in nature and, accordingly, are subject to risks and uncertainties regarding Snap-on's expected results. Statements made that (i) are in the future tense; (ii) include the words "expects," "anticipates," "intends," "approximates," "plans," "targets," "estimates," "believes," or similar words that reference Snap-on or its management; (iii) are specifically identified as forward-looking; or (iv) describe Snap-on's or management's future outlook, plans, estimates, objectives or goals, are forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. The company's actual results may differ materially from those described or contemplated in the forward-looking statements. Factors that may cause the company's actual results to differ materially from those contained in the forward-looking statements include those found in the company's reports filed with the Securities and Exchange Commission, including the information under the "Safe Harbor" and "Risk Factors" headings in its Annual Report on Form 10-K for the fiscal year ended December 29, 2007, and under "Management's Discussion and Analysis of Financial Condition and Results of Operations – Caution Regarding Forward-Looking Statements" in its Quarterly Report on Form 10-Q for the quarterly periods ended March 29, 2008, June 28, 2008, and September 27, 2008, which are incorporated herein by reference, the global recession and the current instability in world credit and financial markets. Snap-on disclaims any responsibility to update any forward-looking statement provided during the February 4, 2009, conference call and/or included in this presentation, except as required by law.

Snap-on Incorporated

Who We Are

OUR MISSION

The most valued productivity solutions in the world

BELIEFS

We deeply believe in:

- Non-negotiable Product and Workplace Safety
- Uncompromising Quality
- Passionate Customer Care
- Fearless Innovation
- Rapid Continuous Improvement

VALUES

Our behaviors define our success:

- We demonstrate Integrity.
- We tell the Truth.
- We respect the Individual.
- We promote Teamwork.
- We Listen.

VISION

To be acknowledged as the:

- Brands of Choice
- Employer of Choice
- Franchisor of Choice
- Business Partner of Choice
- Investment of Choice

Nick Pinchuk

President and Chief Executive Officer

February 4, 2009

Marty Ellen

Senior Vice President and Chief Financial Officer

February 4, 2009

Consolidated Results – 4th Quarter

($ in millions, except per share data - unaudited)	2008		2007		Change
	$	%	$	%	
Net sales	$ 667.8		$ 742.9		(10.1)%
Gross profit	$ 300.0	44.9 %	$ 333.4	44.9 %	(10.0)%
Operating expenses	211.4	31.7 %	245.1	33.0 %	(13.7)%
Financial services revenue	$ 19.7		$ 19.0		3.7 %
Financial services operating earnings	8.9		8.0		11.3 %
Operating earnings	$ 97.5	14.2 %	$ 96.3	12.6 %	1.2 %
Interest expense	$ 8.7		$ 11.5		(24.3)%
Net earnings	$ 58.6		$ 57.3		2.3 %
Diluted EPS	$ 1.01		$ 0.98		3.1 %

- Sales declined $75.1 million, including currency translation of $42.2 million; sales down 4.4% excluding currency
  - Reflects declines as a result of worsening economic and tight credit conditions
  - Overall U.S. sales down 1.1%; U.S. franchisee sales down 5.0%
  - Europe sales down 24% (down 11.0% excluding currency); Asia/Pacific sales down 3.9% (down 0.2% excluding currency)
- Gross profit margin of 44.9%; consistent with 2007
  - LIFO expense of $0.3 million in 2008; LIFO benefit of $6.0 million in 2007
  - Pricing improvements and $4.9 million of savings from rapid continuous improvement (RCI) initiatives partially offset commodity and other cost inflation
  - $5.1 million of lower year-over-year restructuring costs
- Operating expenses were lower by $33.7 million, including $10.9 million of currency translation
  - $12.6 million benefit from RCI initiatives and $9.3 million of lower incentive compensation expense
  - Adjustment of a contingent liability reduced 2008 operating expenses by $5.4 million
  - 2007 benefited from a $4.0 million gain on building sale in Europe

Commercial & Industrial – 4th Quarter

($ in millions - unaudited)	**2008**	**2007**	**Change**
Segment sales	$ 326.8	$ 369.3	(11.5)%
➢ Organic sales	(18.1)		(4.9)%
➢ Currency translation	(24.4)		(6.6)%
Gross profit	$ 123.6	$ 132.5	(6.7)%
% of sales	37.8 %	35.9 %	
Operating expenses	$ 84.5	$ 94.3	(10.4)%
% of sales	25.8 %	25.6 %	
Operating earnings	$ 39.1	$ 38.2	2.4 %
% of sales	12.0 %	10.3 %	

- Sales down $42.5 million or 11.5%; down 4.9% excluding currency
  - Continued lower sales of professional tools in Europe; lower equipment sales, despite higher sales of aligners
  - Continued higher sales to industrial customers and increased sales of power tools

- Gross profit decreased $8.9 million; gross profit margin improved 190 basis points
  - Unfavorable currency impact of $8.9 million; $4.8 million of higher production and material costs
  - Sales volume declines were largely offset by improved pricing
  - Lower year-over-year restructuring costs of $6.3 million and $4.2 million of savings from RCI initiatives

- Operating expenses down $9.8 million or 10.4%, including $5.8 million of currency translation
  - $5.6 million of savings from RCI initiatives
  - Operating expenses in 2007 benefited from a $4.0 million gain on building sale

Snap-on Tools – 4th Quarter

($ in millions - unaudited)	**2008**	**2007**	**Change**
Segment sales	$ 252.4	$ 273.2	(7.6)%
➢ Organic sales	(8.6)		(3.1)%
➢ Currency translation	(12.2)		(4.5)%
Gross profit	$ 105.1	$ 125.1	(16.0)%
% of sales	41.6 %	45.8 %	
Operating expenses	$ 85.3	$ 88.6	(3.7)%
% of sales	33.8 %	32.4 %	
Operating earnings	$ 19.8	$ 36.5	(45.8)%
% of sales	7.8 %	13.4 %	

- Sales down $20.8 million or 7.6%; down 3.1% excluding currency
  - Sales to U.S. franchisees down 5.0%, despite a slight increase in vans in the quarter
  - International (including Canada) up 1.2% organically

- Gross profit down $20.0 million
  - $6.3 million of higher year-over-year LIFO-related inventory expenses
  - Unfavorable currency translation of $5.7 million
  - Improved pricing more than offset $4.7 million of higher production and material costs

- Operating expenses down $3.3 million, including $3.0 million of currency translation
  - $4.7 million of savings from RCI initiatives
  - Higher year-over-year restructuring costs of $2.8 million

Diagnostics & Information – 4th Quarter

($ in millions - unaudited)	**2008**	**2007**	**Change**
Segment sales	$ 152.9	$ 169.5	(9.8)%
➢ Organic sales	(9.5)		(5.6)%
➢ Currency translation	(7.1)		(4.2)%
Gross profit	$ 71.4	$ 75.8	(5.8)%
% of sales	46.7 %	44.7 %	
Operating expenses	$ 37.1	$ 48.4	(23.3)%
% of sales	24.3 %	28.5 %	
Operating earnings	$ 34.3	$ 27.4	25.2 %
% of sales	22.4 %	16.2 %	

- Sales down $16.6 million or 9.8%; down 5.6% excluding currency
  - Lower OEM program sales in Europe
  - Lower sales at Business Solutions primarily from the earlier exiting of certain non-core product lines
  - Higher sales of diagnostics and Mitchell1™ in North America

- Gross profit margin up 200 basis points
  - Mix impact of sales declines in lower margin OEM programs and Business Solutions non-core product lines
  - Unfavorable currency translation of $2.1 million

- Operating expenses down $11.3 million, including $2.1 million of currency translation
  - Adjustment of a pre-acquisition contingency contributed $5.4 million
  - RCI and other cost reduction initiatives of $2.3 million

Financial Services – 4th Quarter

($ in millions - unaudited)	**2008**	**2007**	**Change**
Segment revenues	$ 19.7	$ 19.0	3.7 %
Operating earnings	$ 8.9	$ 8.0	11.3%
Originations	$121.5	$139.4	(12.8)%

- Higher revenues in 2008 primarily as a result of lower market discount rates
- Fourth quarter 2008 originations down 12.8% year over year primarily due to lower sales of big-ticket items

Balance Sheet

($ in millions - unaudited)	**December 2008**	**December 2007**
Accounts Receivable	$ 522.1	$ 586.9
Days Sales Outstanding	64	73
Inventory	$ 359.2	$ 322.4
Inventory turns	4.6	4.9
Total debt	$ 515.4	$ 517.9
Cash	$ 115.8	$ 93.0
Net debt	$ 399.6	$ 424.9
Net debt to capital ratio	25.2 %	24.9 %
Pretax return on invested capital - TTM	22.3 %	20.0 %

- Accounts receivable decrease of $64.8 million includes $38.6 million of currency translation
  - Lower year-over-year fourth quarter sales

- Inventory up $36.8 million from 2007 year end
  - $55.7 million of higher inventory levels partially offset by $18.9 million of currency translation
  - Supports targeted growth initiatives in certain existing and emerging markets
  - Higher inventory costs partially as a result of inflationary and commodity cost increases
  - Impact of lower than anticipated sales as a result of current economic conditions

- Net debt to capital ratio impacted by shareholder equity reductions of $130.3 million for currency translation and $117.9 million for pensions

- Pretax return on invested capital (TTM) of 22.3% compares to 20.0% as of December 2007

Cash Flow

($ in millions - unaudited)	4th Quarter		Year to Date	
	2008	2007	2008	2007
Net cash provided by operating activities	$ 46.3	$ 54.2	$ 215.0	$ 231.1
Net cash due to:				
➢ Net earnings	58.6	57.3	236.7	181.2
➢ Depreciation and amortization	17.0	25.4	72.0	75.7
➢ Changes in deferred income taxes	23.0	12.2	46.3	12.3
➢ Changes in operating assets and liabilities	(52.7)	(40.7)	(146.5)	(44.1)
Capital expenditures	$ (25.6)	$ (18.7)	$ (73.9)	$ (61.9)
Free cash flow	$ 20.7	$ 35.5	$ 141.1	$ 169.2
Acquisitions of businesses	$ (0.3)	$ (0.6)	$ (14.1)	$ (5.7)
Decrease in debt, net	$ (2.6)	$ (11.8)	$ (9.9)	$ (36.6)
Shareholder distributions, net	$ (17.0)	$ (24.9)	$ (97.8)	$(120.0)
Increase (decrease) in cash	$ (2.5)	$ 0.4	$ 22.8	$ 29.6

- Free cash flow – Net cash provided by operating activities less capital expenditures
- Capital expenditures - Continued expansion of manufacturing capabilities in lower-cost regions and emerging markets
- Acquisition of 60% interest in Chinese hand tool manufacturer in 2008 for $14.1 million (net of acquired cash)
- Cash dividends paid of $17.4 million in the quarter and $69.7 million in the year