Quarterly Financial Review

Third Quarter 2010

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October 22, 2010

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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

Chairman and Chief Executive Officer

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October 22, 2010

Aldo Pagliari

Senior Vice President and Chief Financial Officer

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Consolidated Results – 3rd Quarter

($ in millions, except per share data - unaudited)	2010		2009		Change
	$	%	$	%	
Net sales	$ 653.1		$ 581.8		12.3 %
Gross profit Operating expenses	$ 301.2 222.4	46.1 % 34.0 %	$ 260.5 206.5	44.8 % 35.5 %	
Operating earnings before financial services	$ 78.8	12.1 %	$ 54.0	9.3 %	45.9 %
Financial services revenue Financial services operating earnings (loss)	$ 17.2 5.0		$ 6.0 (5.3)		
Operating earnings	$ 83.8	12.5 %	$ 48.7	8.3 %	72.1 %
Interest expense	$ 13.5		$ 12.8		
Net earnings Diluted EPS	$ 46.5 $ 0.80		$ 25.4 $ 0.44		83.1 % 81.8 %

- Sales up 12.3%; organic sales (excluding $5.9 million of unfavorable currency) up 13.4%
- Gross profit increased $40.7 million; up 130 basis points (bps)
  - Higher sales, contributions from favorable manufacturing utilization, $4.0 million of savings from ongoing efficiency and productivity (collectively “Rapid Continuous Improvement” or “RCI”) initiatives and benefits from restructuring, $2.7 million of favorable currency effects and $2.0 million of lower restructuring costs
  - Partially offset by $4.1 million of higher year-over-year LIFO-related inventory valuation expense
- Operating expenses increased $15.9 million
  - Higher volume-related and other expenses; $4.1 million of higher pension and $1.2 million of higher stock-based expenses
  - Partially offset by $1.7 million of lower bad debt expense, $1.7 million of favorable currency, $1.2 million of RCI, restructuring and other cost reduction savings
- Operating earnings increased $35.1 million year over year
- Financial services operating earnings up $10.3 million, reflecting growth in on-book finance portfolio

Commercial & Industrial – 3rd Quarter

($ in millions - unaudited)	**2010**	**2009**	**Change**
Segment sales	$ 261.0	$ 218.5	19.5 %
➢ Organic sales	45.6		21.2 %
➢ Currency translation	(3.1)		(1.7)%
Gross profit	$ 96.2	$ 70.3	
% of sales	36.8 %	32.2 %	
Operating expenses	$ 65.6	$ 60.8	
% of sales	25.1 %	27.9 %	
Operating earnings	$ 30.6	$ 9.5	222.1 %
% of sales	11.7 %	4.3 %	

- Organic sales up $45.6 million or 21.2%
  - Continued higher sales across all operating units, particularly those businesses serving critical industries and emerging markets

- Gross profit up $25.9 million from 2009; gross margin improves 460 bps to 36.8%
  - Increase due to higher sales, $3.5 million of savings from ongoing RCI and restructuring initiatives
  - 2010 gross profit benefited from improved manufacturing utilization, primarily in Europe, as a result of increased year-over-year production levels

- Operating expenses up $4.8 million
  - Higher volume-related and other expenses and $1.1 million of increased restructuring costs

- Operating income up $21.1 million
  - As a percentage of sales, operating earnings improved 740 bps to 11.7% from 4.3% last year

Snap-on Tools – 3rd Quarter

($ in millions - unaudited)	**2010**	**2009**	**Change**
Segment sales ➢ Organic sales ➢ Currency translation	$ 258.7 24.9 0.4	$ 233.4	10.8 % 10.7 % 0.1 %
Gross profit % of sales	$ 107.7 41.6 %	$ 104.3 44.7 %	
Operating expenses % of sales	$ 79.5 30.7 %	$ 74.8 32.1 %	
Operating earnings (as reported) % of sales	$ 28.2 10.9 %	$ 29.5 12.6 %	(4.4)%
LIFO expense/(benefit) Operating earnings (as adjusted) % of sales	$ 0.6 $ 28.8 11.1 %	$ (3.5) $ 26.0 11.1 %	 10.8 %

- Organic sales up $24.9 million or 10.7%, including a 12.8% increase in U.S. sales
- Gross profit up $3.4 million; higher sales and $2.8 million of favorable currency effects
  - Partially offset by $4.1 million of higher year-over-year LIFO-related inventory valuation expense
- Operating expenses increased $4.7 million
  - Higher volume-related and other expenses, including higher costs as a result of increased participation at the annual Snap-on Franchisee Conference and higher catalog expenses
- Operating earnings of $28.2 million; adjusted for LIFO impacts, operating margin was 11.1% in both years

Repair Systems & Information – 3rd Quarter

($ in millions - unaudited)	**2010**	**2009**	**Change**
Segment sales	$ 207.4	$ 191.9	8.1 %
➢ Organic sales	19.0		10.1 %
➢ Currency translation	(3.5)		(2.0)%
Gross profit	$ 97.3	$ 85.9	
% of sales	46.9 %	44.8 %	
Operating expenses	$ 55.6	$ 55.4	
% of sales	26.8 %	28.9 %	
Operating earnings	$ 41.7	$ 30.5	36.7 %
% of sales	20.1 %	15.9 %	

- Organic sales up $19.0 million or 10.1%
  - Higher worldwide sales of equipment, increased essential tool and facilitation program sales, and higher sales of diagnostics and Mitchell1™ information products
  - Partially offset by anticipated lower electronic parts catalog sales in North America (dealership consolidations)

- Gross profit increased $11.4 million; increased 210 bps from last year
  - Higher sales, $1.9 million of lower restructuring costs, $1.0 million of material cost reductions and $0.5 million of benefits from RCI and restructuring initiatives
  - Partially offset by $1.1 million of unfavorable currency effects

- Operating expenses up $0.2 million; improved 210 bps from 2009 levels

- Operating earnings margin of 20.1% improved 420 bps from 2009 levels

Financial Services – 3rd Quarter

($ in millions - unaudited)	**2010**	**2009**
Segment revenue	$ 17.2	$ 6.0
Operating earnings (loss)	$ 5.0	$ (5.3)
Originations	$ 142.4	$ 126.9

- Terminated financial services joint venture agreement on July 16, 2009
- Snap-on is providing financing for substantially all new contracts originated by Snap-on Credit (SOC)
- SOC records interest yield on new portfolio as Financial Services Revenue over the contract life; previously, contract originations sold to CIT resulted in gains on sale (reported as Financial Services Revenue)
- Operating earnings up $10.3 million year over year; improved sequentially by $3.3 million from second-quarter 2010 levels
- Originations increase 12.2% year over year

Financial Services Portfolio Data

($ in millions - unaudited)	Snap-on Credit (United States)		International Finance Subsidiaries	
	Extended Credit	**Total**	**Extended Credit**	**Total**
Gross on-book finance portfolio	$ 444.5	$ 527.7	$ 89.3	$ 138.9
CIT receivables managed by SOC:				
September 2010	$ 175.4	$ 316.6		
December 2009	$ 397.7	$ 590.3		
Anticipated portfolio increase:				
Full year 2010	$ 260.0	$ 300.0		
Net losses on on-book & managed portfolio (TTM)	$ 19.9	$ 23.2	$ 1.3	$ 2.2
60+ Delinquency:				
As of 9/30/10	1.5 %	1.4 %	0.7 %	0.6 %
As of 6/30/10	1.6 %	1.4 %	0.7 %	0.6 %
As of 3/31/10	2.0 %	1.6 %	0.8 %	0.7 %
As of 12/31/09	2.4 %	1.9 %	0.8 %	0.6 %

• TTM – Trailing twelve months

Cash Flow

($ in millions - unaudited)	3rd Quarter		Year to Date	
	2010	**2009**	**2010**	**2009**
Net cash provided by operating activities	**$ 10.2**	**$ 80.1**	**$ 76.1**	**$ 250.4**
Net cash due to:				
➢ Net earnings	48.3	26.4	133.2	105.6
➢ Depreciation and amortization	18.0	18.3	54.5	55.4
➢ Changes in deferred income taxes	(7.7)	(3.2)	(24.7)	15.0
➢ Changes in working investment	(30.8)	41.8	(64.5)	141.8
➢ Changes in all other operating activities	(17.6)	(3.2)	(22.4)	(67.4)
Net increase in finance receivables	$ (65.4)	$ (113.2)	$ (203.4)	$ (113.2)
Capital expenditures	$ (10.5)	$ (14.7)	$ (22.8)	$ (48.3)
Free cash flow	$ (65.7)	$ (47.8)	$ (150.1)	$ 88.9
Free cash flow from Operations	**$ 13.7**	**$ 82.5**	**$ 65.3**	**$ 192.8**
Free cash flow from Financial Services	**$ (79.4)**	**$ (130.3)**	**$ (215.4)**	**$ (103.9)**
Increase (decrease) in cash	$ (70.9)	$ 184.6	$ (339.5)	$ 593.2

- Changes in working investments – Net changes in trade and other accounts receivable, inventory and accounts payable
- Free cash flow – Net cash provided by operating activities less net change in finance receivables and capital expenditures
- Free cash flow from operations – Net cash provided by operating activities, exclusive of financial services, less capital expenditures
- Free cash flow from financial services – Net cash provided by financial services operating activities less net change in finance receivables

Balance Sheet

($ in millions - unaudited)	**September 2010**	**December 2009**
Trade & Other Accounts Receivable - net	$ 435.0	$ 414.4
Days Sales Outstanding	62	63
Inventory - net	$ 324.8	$ 274.7
Inventory turns – TTM	4.5	4.1
Cash	$ 359.9	$ 699.4
Debt – Operations	$ 436.9	$ 839.5
Debt – Financial Services	$ 493.7	$ 227.3
Total debt	$ 930.6	$1,066.8
Net debt	$ 570.7	$ 367.4
Net debt to capital ratio	29.2 %	22.2 %
Net debt to capital ratio - adjusted	32.9 %	25.8 %

- Repaid $150 million of long-term notes upon maturity on January 12, 2010
- Issued $250 million of fixed rate, unsecured notes in August 2009 and $300 million of fixed rate, unsecured notes in February 2009
- “Net debt to capital ratio – adjusted” excludes funds withheld from CIT of $107.8 million at September 2010 and $81.5 million at December 2009