Quarterly Financial Review

Fourth Quarter 2009

February 4, 2010

Cautionary Statement

- These slides should be read in conjunction with comments from a conference call held on February 4, 2010. The financial statement information included herein is unaudited.

- Statements made during the February 4, 2010 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 January 3, 2009, and under "Management's Discussion and Analysis of Financial Condition and Results of Operations – Caution Regarding Forward-Looking Statements" in its fiscal 2009 Quarterly Reports on Form 10-Q, which are incorporated herein by reference. Snap-on disclaims any responsibility to update any forward-looking statement provided during the February 4, 2010 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

Chairman, President and Chief Executive Officer

February 4, 2010

Marty Ellen

Senior Vice President and Chief Financial Officer

February 4, 2010

Consolidated Results – 4th Quarter

($ in millions, except per share data - unaudited)	2009		2008		Change
	$	**%**	**$**	**%**	
Net sales	$ 618.1		$ 667.8		(7.4)%
Gross profit	$ 284.4	46.0 %	$ 300.0	44.9 %	
Operating expenses	213.2	34.5 %	211.4	31.7 %	
Operating earnings before financial services	$ 71.2	11.5 %	$ 88.6	13.2 %	(19.6)%
Financial services revenue	$ 6.7		$ 19.7		
Financial services operating earnings (loss)	(3.8)		8.9		
Operating earnings	$ 67.4	10.8 %	$ 97.5	14.2 %	(30.9)%
Interest expense	$ 14.7		$ 8.7		
Net earnings	$ 36.6		$ 58.6		(37.5)%
Diluted EPS	$ 0.63		$ 1.01		(37.6)%

- Sales down 7.4%; organic sales (excluding $27.2 million of favorable currency) down 11.1%
- Gross profit margin improved to 46.0% of sales from 44.9%
    - Cost reductions, net of excess capacity costs, increased gross margin by 200 basis points (bps)
    - Favorable sales mix improved gross margin by 110 bps
    - Restructuring lowered 2009 gross margin 85 bps; currency reduced year-over-year gross margin by 90 bps
- Operating expenses increased $1.8 million
    - Realized Rapid Continuous Improvement (RCI) and other cost containment savings of $19.2 million and lower restructuring expenses of $4.7 million
    - Cost increases of $17 million due to currency, pension expense and stock-based mark-to-market compensation expense
    - 2008 expenses benefited by a $5.4 million favorable pre-acquisition contingent liability adjustment
- Operating earnings includes $6.7 million of restructuring costs in the quarter; $22.0 million of restructuring costs full year

Commercial & Industrial – 4th Quarter

($ in millions - unaudited)	2009	2008	Change
Segment sales	$ 302.2	$ 326.8	(7.5)%
➢ Organic sales	(41.9)		(12.2)%
➢ Currency translation	17.3		4.7 %
Gross profit	$ 101.6	$ 123.6	
% of sales	33.6 %	37.8 %	
Operating expenses	$ 79.9	$ 84.5	
% of sales	26.4 %	25.8 %	
Operating earnings	$ 21.7	$ 39.1	(44.5)%
% of sales	7.2 %	12.0 %	

- Organic sales down $41.9 million or 12.2%
  - Significantly impacted by the economic downturn, particularly in Europe
  - Increased equipment sales in North America and higher sales in emerging markets

- Gross profit margin declined to 33.6% of sales
  - Excluding restructuring, the 2009 margin of 35.2% is down 230 bps on a comparable basis with last year
  - Volume and mix, including excess capacity costs, were partially offset by material and other cost reductions, resulting in a net reduction of 155 bps

- Operating expenses down $4.6 million or 5.4%
  - Primarily due to savings from restructuring and other cost reduction initiatives of $6.5 million
  - Lower volume-related expenses and $1.6 million of lower restructuring costs
  - Partially offset by $4.2 million of currency translation

- Operating income down $17.4 million year over year, but increased $12.2 million sequentially from third-quarter 2009 levels

Snap-on Tools – 4th Quarter

($ in millions - unaudited)	2009	2008	Change
Segment sales	$ 251.2	$ 252.4	(0.5)%
➢ Organic sales	(9.7)		(3.7)%
➢ Currency translation	8.5		3.2 %
Gross profit	$ 114.1	$ 105.1	
% of sales	45.4 %	41.6 %	
Operating expenses	$ 80.9	$ 85.3	
% of sales	32.2 %	33.8 %	
Operating earnings	$ 33.2	$ 19.8	67.7 %
% of sales	13.2 %	7.8 %	

- Organic sales down $9.7 million, or 3.7%
  - U.S. sales down 3.8%; international sales down 3.5%
  - U.S. van count comparable with third-quarter 2009 and year-end 2008 levels
- Gross profit margin improves to 45.4% of sales compared to 41.6% last year; 340 bps improvement before restructuring
  - Material cost reductions and favorable manufacturing utilization improved gross margin by 385 bps
  - LIFO gains of $6.7 million were mostly offset by inventory adjustments and liquidations
  - Currency effects reduced gross margin by 100 bps
- Operating expense improvement includes benefits of $8.5 million from RCI, restructuring and other cost savings and $2.9 million of lower restructuring costs, partially offset by currency translation of $2.5 million and certain other cost increases
- Reported operating earnings of $33.2 million, up 67.7% year over year; before restructuring up 39.2%

Diagnostics & Information – 4th Quarter

($ in millions - unaudited)	**2009**	**2008**	**Change**
Segment sales	$ 129.1	$ 152.9	(15.6)%
➢ Organic sales	(25.7)		(16.6)%
➢ Currency translation	1.9		1.0 %
Gross profit	$ 68.7	$ 71.4	
% of sales	53.2 %	46.7 %	
Operating expenses	$ 38.7	$ 37.1	
% of sales	30.0 %	24.3 %	
Operating earnings	$ 30.0	$ 34.3	(12.5)%
% of sales	23.2 %	22.4 %	

- Organic sales down $25.7 million, or 16.6%
  - Lower facilitation program, essential tools and electronic parts catalog sales to OEM dealerships

- Gross profit margin of 53.2% increased from 46.7% last year
  - More favorable sales mix of higher-margin diagnostics and software products contributed 510 bps
  - Savings from RCI and other cost reduction initiatives were partially offset by higher product development cost amortization

- Operating expenses increased $1.6 million
  - 2008 expenses benefited from a $5.4 million pre-acquisition contingency adjustment
  - Year-over-year operating expenses include savings from RCI and other cost reduction initiatives of $4.2 million

- Operating margin of 23.2% improved 80 bps from 2008 levels

Financial Services – 4th Quarter

($ in millions - unaudited)	**2009**	**2008**	**Change**
Segment revenues	$ 6.7	$ 19.7	(66.0)%
Operating earnings (loss)	$ (3.8)	$ 8.9	
Originations	$ 132.0	$ 122.9	7.4 %

- Terminated financial services joint venture agreement with CIT on July 16, 2009
- Snap-on is providing financing for the majority of 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)

Financial Services Portfolio Data

($ in millions - unaudited)	Snap-on Credit (United States)		International Finance Subsidiaries	
	Extended Credit	Total	Extended Credit	Total
Gross portfolio outstanding	$ 226.5	$ 266.7	$ 83.8	$ 130.9
CIT receivables managed by SOC:				
December 2009	$ 397.7	$ 590.3		
September 2009	$ 507.3	$ 722.5		
Anticipated portfolio increase:				
Q1 2010	$ 70.0	$ 80.0		
Full year 2010	260.0	300.0		
Net losses on portfolio (TTM)	$ 21.5	$ 25.9	$ 1.1	$ 1.8
60+ Delinquency:				
As of 12/31/09	2.4 %	1.9 %	0.8 %	0.6 %
As of 9/30/09	2.2 %	1.7 %	0.8 %	0.7 %
As of 6/30/09	2.1 %	1.8 %	0.7 %	0.7 %
As of 3/31/09	2.4 %	1.9 %	0.9 %	0.8 %

Cash Flow

($ in millions - unaudited)	4th Quarter 2009	4th Quarter 2008	Full Year 2009	Full Year 2008
Net cash provided by operating activities	**$ 96.7**	**$ 47.8**	**$ 347.1**	**$ 220.4**
Net cash due to:				
➢ Net earnings	38.1	60.5	143.7	243.6
➢ Depreciation and amortization	19.2	17.0	74.6	72.0
➢ Changes in deferred income taxes	(10.2)	23.0	4.8	46.3
➢ Changes in working investment	1.9	17.7	143.7	(63.5)
➢ Changes in other operating assets / liabilities	46.6	(70.9)	(23.3)	(84.6)
Capital expenditures	$ (16.1)	$ (25.6)	$ (64.4)	$ (73.9)
Free cash flow	$ 10.3	$ 22.2	$ 99.2	$ 146.5
Free cash flow from Operations	**$ 110.0**	**$ 14.1**	**$ 290.3**	**$ 124.5**
Free cash flow from Financial Services	**$ (99.7)**	**$ 8.1**	**$(191.1)**	**$ 22.0**
Acquisitions of businesses	$ -	$ (0.3)	$ (8.1)	$ (14.1)
Increase (decrease) in cash	$ (9.6)	$ (2.5)	$ 583.6	$ 22.8

- Changes in working investments – Net changes in 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)	December 2009	December 2008
Trade & Other Accounts Receivable	$ 414.4	$ 462.2
Days Sales Outstanding	63	58
Inventory	$ 274.7	$ 359.2
Inventory turns – Trailing Twelve Months	4.1	4.6
Inventory turns – Trailing Three Months	4.8	3.9
Cash	$ 699.4	$ 115.8
Debt – Operations	$ 839.5	$ 515.4
Debt – Financial Services	$ 227.3	$ –
Total debt	$1,066.8	$ 515.4
Net debt	$ 367.4	$ 399.6
Net debt to capital ratio	22.2 %	25.2 %

- Using 2009 exchange rates, the 2008 days sales outstanding would have been 62 days
- Using 2009 exchange rates, the 2008 trailing twelve month inventory turns would have been 4.4 turns; the 2008 trailing three months would have been 4.1 turns
- Issued $550 million of fixed rate, unsecured notes in 2009