FINAL TRANSCRIPT

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PRESENTATION

Operator

Good day, ladies and gentlemen, and welcome to the fourth quarter and full-year 2007 earnings conference call hosted by Snap-on Incorporated. (OPERATOR INSTRUCTIONS)

I would now like to introduce your host for today's conference, Mr. Marty Ellen, Chief Financial Officer. You may begin your conference.

Marty Ellen - *Snap-on Incorporated - SVP, CFO*

Thank you, Dana, and good morning, everyone. Thank you for joining us today to review Snap-on's 2007 fourth quarter results. By now you should have seen our press release issued last evening. As you have seen, this was a record quarter and full year. We believe this quarter further demonstrates the achievements we have made in many of our core operating and growth initiatives. We'll discuss these with you today.

Joining me is Nick Pinchuk, Snap-on's President and CEO, along with Jack Michaels, Snap-on's Chairman. Nick, will kick off our call this morning with some perspective on our operator results. I will then provide a review of our financial results. Afterwards, we'll take your questions. Consistent with past practice, we will use slides to help illustrate our discussion. You can find a copy of these slides on our website next to the audio icon for this call. These slides will be archived on our website along with a transcript of today's call.

Any statements made during this call, relative to management's expectations, estimates or beliefs or otherwise state the company's outlooks, plans, or projections are forward-looking statements and actual results may differ materially from those made in such statements. Additional information and the factors that could cause our results to differ materially from those in the forward-looking statements are contained in our SEC filings. This call is copyrighted material by Snap-on Incorporated. It is intended solely for the purpose of this audience; therefore, it can not be recorded, transcribed or rebroadcast by any means without Snap-on's expression permission. With that, I will now turn the call over to Nick. Nick --

Nick Pinchuk - *Snap-on Incorporated - President, CEO*

Thanks, Marty. For those of you following the slides, I'm starting on slide number 5. In my view, the past quarter and in fact this past year have been quite encouraging. Quarter four sales were $743 million, and that's up over 14%. Full-year sales were more than $2.8 billion and that's up over 15%. The earnings per share in the fourth quarter of $0.98 represents a well-over 40% increase, depending on how you look at the comparisons, and the full year is $3.23. It was a record quarter. It was a record year. That was pretty encouraging.

When we look back at it, though, from a distance, I think we would like to characterize it as another step forward on what is becoming for Snap-on a reasonably well-defined and repeatable path of improvement. We see that path laid out before us, sales gains, heightened productivity, cost reduction, margin expansion. They were all in abundant evidence in the operating results for the fourth quarter, and it's that particular progress in each of those areas, that contributed pretty significantly to the record earnings for both the quarter and the full year.

If you want to look at it from another perspective, the fourth quarter is clearly demonstrative of the corporation's diversity, from our broad, wide, and expanding global presence, from our diverse professional and industrial customer base, our extensive product line, our well-recognized brands, our legendary service, and some pretty strong group of associates. All of that, we believe, has us well positioned in some pretty key market segments. I think at this point, at least in this environment, it's worth noting that the primary driver of our business is the professional vehicle repair sector. That's an area particularly resilient in most economies. And we also benefit from significant activities in a broad range of industries, good industries like aerospace, energy, natural resources, military, education, and agriculture. Industries that follow a quite diverse set of macro economic drivers.

And then finally, Snap-on's increasingly global -- it's an increasingly global corporation with growing revenues outside of North America. In fact, fourth quarter revenues outside of the U.S. were 45% of our total, and a full 6% were from the emerging markets of Asia-Pacific. So we're increasingly able to take advantage of the rising economic tide that provide an offset for other places which have -- places which have weaknesses. So all of that breadth, from our perspective, all of that diversification created our fourth quarter results, and we expect it to serve us well as we go forward.

I'm going to discuss the individual operations shortly, but I want to take a moment to thank all of our Snap-on associates. They're extraordinary contributions authored this recent success. I know that our fourth quarter would not have been possible without your individual and collective efforts. It was quite extraordinary. Congratulations and thanks. With that said, let's discuss some of the specific operating results, and we start this on page -- slide 6. The Commercial and Industrial Group, that group, of which I know well, has a diverse geographic base and they focus on the needs of professional users in a wide range of industries, and they're continuing to deliver strong sales and margin gains. Double-digit sales were recorded again in our industrial division, in our European equipment division, and in our Asia Pacific operations. The industrial division keeps rolling. Their sales were over 20% increased year-over-year. They seem to be developing substantial record of quarter after quarter of improvement.

So when we look at C&I -- and I think we said on these calls we're pretty confident that C&I has considerable runway. It showed again in the fourth quarter. For that matter, we're making pretty good progress in our efforts pretty much across the corporation to develop a strong and sustainable platform for profitable growth.

At other calls we talked about the idea that moving forward we wanted to create a balance between cost reduction and growth. Previous quarters, we had made our numbers through cost reduction. Now we're starting to see our strategies of growth come to fruition and see some pretty good and strong growth contributing to this record fourth quarter. We're seeing that growth of those platforms across the entire company. We're particularly pleased with the progress made in the Tools Group, in terms of the physicals. This quarter, we experienced a sequential increase in the average number of vans. Now, that's the first increase quarter-over-quarter that we have seen in many quarters, more than two years. So we have been working diligently to fill the open routes and to reduce the turnover, and that seems to be coming to fruition now. We expect it to keep pushing that number up as we go forward.

Sales per franchisees were up both for the quarter and the full year, and they included some pretty encouraging gains in our mid tier product line and our regional warehouse distribution program, or our RWD program. The mid-tier and RWD initiatives, you might remember, we wanted to introduce to contribute to our growth because we felt they would allow us to capture new customers. They are doing that. Allow us to expand sales to our traditional customers who may be buying mid-tier product somewhere else. They're doing that. And the result of this is we have taken back share from some industrial distributors that had encroached on our territory in the past.

Outside of the U.S. for the Tools business in places like the UK, and Australia, and Japan, sales moved pretty well. In fact, in the quarter, sales increased 19% year-over-year in those jurisdictions, and I think that's further evidence of the power of global reach. So, looking at the Tools business, with higher per franchisee sales, with sequential increase in the number of vans, with lower franchisee turnover, and a number of other metrics which we look at on a monthly basis, the franchisees are clearly moving in the right direction. That network is getting healthier. The numbers reinforce that positive view. Some time ago we stepped back and said the van business is an extraordinary business. We see some opportunities, we need to make it better, and the things we initiated in that time seem to be working.

Our operating results, the financials say-so, the health metrics of the franchisees say so, and are talking -- and when I go out and talk to the franchisees, which I do quite regularly, they second that conclusion. So we believe we're on the right track. We're going to stay this course with the van business, and we're confident it's going to lead to continued improvement with the Tools Group.

Let's talk about Diagnostics and Information. We've been investing for some time in data content and customer support and that has resulted in increased customer retention rates for products like our shop management software, and not coincidently, Mitchell 1, our business which sells that software, had a very strong year.

Our Business Solutions acquisition, we made that in the fourth quarter last year, in fact I think we had about five weeks' worth of results in the fourth quarter last year associated with Business Solutions, so the year-over-year comparisons are kind of mixed, but that acquisition is continuing to meet our expectations, both from it's existing business -- from its business itself and the synergies we expected from it throughout the corporation. Now, the D&I group did continue to face some headwinds because it has two big programs in the OEM facilitation and special tools business which are winding down. And they created a lot of -- substantially unfavorable year-over-year comparison in that particular division. But overall the group, which includes Business Solutions, Diagnostics, Mitchell and that OEM business had a very strong quarter.

Now let's turn to slide 7, looking inward a little bit. Innovation has always been the core of our business at Snap-on. And we have been trying to work recently to make sure that gets better, gets stronger. We're looking at the innovation process to get more ideas in earlier in development so we sift through more ideas and generate more products. We're taking technical tools and promulgating them and moving them through the corporation. Things like finite element analysis and dynamic simulation analysis and [wibel] analysis is and all of that is resulting in a good strong stream of innovative new products. I talked last quarter, about Motor Magazine citing three Snap-on tools as among the best tools of 2007.

In fact we got more of those awards than any other manufacturer. Well we have another stream of those. We keep turning out the new tools, things like the Dual 80 ratchet, Microgears -- powered by Microgears, and stronger and more -- more -- easier to use than any other ratchet in the system. The CT4850 18 volt cordless power tool with the reduced package, more power, 600 foot pounds and it can get in places which no other cordless tool can get in. The Solus Pro from Diagnostics, the new Solus Pro from Diagnostics which puts more diagnostic intelligence in the hands of the technician and solves problems faster.

The electronics part catalog, the new GM electronic parts catalog from Snap-on Business Solutions, which is sold in 97 countries and is available in 26 languages, and the Bahco one-handed pruning tool which cuts faster and allows the user to get in places where other cutters cannot, all of these are being received well by our professional customer base. They drove part of the innovation in the fourth quarter -- part of the growth in the fourth quarter, and they are going to continue to do so. We have the processes behind these. We have the skills in our associate capability. We expect a stream of products to keep moving us forward and helping us grow in that regard.

Now, also looking inward, if we look at the supply chain. We're continuing to focus on complete and on-time order fulfillment. And in that regard we're achieving, I think, continuing progress. And that's being achieved by the rapid continuous improvement or what we call RCI, our version of lean. It is proven to be effective in a lot of different places, but with supply chain, it has improved the supply chain. It has made our distribution system more effective and making our factories more flexible. Substantial -- but it has not been just limited to supply chain. It's had its effect throughout the organization and RCI has allowed us to improve quality, delivery, cost, and raise productivity, and when you do that you provide more through-put and you provide more capacity and productivity.

Coming back to COT though, particularly in North America, it had been a problem over time. A year ago our complete and on time for our key products was 88%. I'm happy to report in the fourth quarter it approached 94%, and when I talk to our customers they have seen the difference, they benefited from that progress, and we're going to keep moving in that direction. We have to. Because, in fact, our 2007 could have been better. We disappointed a substantial number of customers because we sold out our capacity. Now that's our capacity at current efficiency levels, capacity for several of our products, for major product lines, some pieces of our major product lines and hand tools and saws, and power tools and tool storage. Product lines, products and all those areas were oversubscribed from time to time. So RCI and select capital investment - that will remedy that as we go forward. We believe we clearly have more runway, and we're going to work pretty hard to use it. Overall we're seeing considerable and steady progress in our business fundamentals.

I think you have seen that from us for quarter after quarter, but beyond that you are seeing in the fourth quarter, that Snap-on has -- and I think a few quarters before that -- Snap-on has substantial opportunity for further growth, and that's based on the diversity of our global footprint, the breadth of our customer base, our effective RCI that's going to give us more capacity, our wide product offerings, our legendary brand, all of that has us well positioned for the future. From my perspective, we truly had an encouraging quarter and we had an encouraging year. It reflected first the historical strength of the Snap-on company. It reflects the capabilities and skills we have added recently. And it reflected the quarters of growth we've opened up over the past few years.

In that regard I would like to take the opportunity to express my personal thanks and appreciation to Jack Michaels, our Chairman and recently retired CEO. His insightful counsel and guidance over the past years were invaluable, and it's clear as a result of Jack's leadership, Snap-on is positioned and well positioned to deliver the most valued productivity solutions in the world. We did just that in the fourth quarter, and we'll continue to do that going forward. Now I want to turn the call back over to Marty. Marty --

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Marty Ellen - *Snap-on Incorporated - SVP, CFO*

Thanks, Nick. Turning to slide 9, net sales of $743 million in the quarter were up $92 million or 14%. Sales increases occurred across all segments. Business Solutions which was acquired in November 2006 had five weeks of operating results last year. The incremental Business Solutions sales in 2007 contributed 4.8 percentage points of growth. Currency translation also contributed 4.8 percentage points of the reported sales increase. Factoring out for you as we did last quarter the impact of our OEM facilitation business, whose revenue comparisons are affected by the timing of OEM programs, our organic sales growth across all of our other businesses was 6%. As a measure of productivity improvement, sales per associate were up 11.3% from comparable 2006 levels, further evidence of the results of our RCI initiatives.

In our financial services segment, revenue increased $4.2 million and operating income improved 3 million, reflecting higher net spreads mostly due to lower discount rates. Consolidated gross profit of $333 million was 44.9% of sales up 150 basis points from a year ago. Most of this gross margin rate improvement is due to LIFO inventory valuation which added $6 million of benefit in this year's fourth quarter versus a charge of $4.1 million a year ago. On a FIFO basis, gross margins were 44.1% this year compared to 44% last year. Material and other manufacturing cost increases of $7.4 million in the quarter were more than offset by $12.6 million of savings from our ongoing RCI initiatives.

Operating expenses of $245 million in the quarter increased $16 million from 2006 levels, including nearly $10 million of incremental operating expenses for Business Solutions. Currency translation added $8 million to reported operating expenses and restructuring costs increased by $3.8 million. These increases were partially offset by a $4 million gain from the sale of a building in Europe, $1.9 million of benefits from ongoing RCI initiatives, and $1.7 million of lower spending in 2007 on the Tool's Group strategic initiatives. We discussed those initiatives with you last year.

As a percentage of sales, operating expenses were 33% in the quarter, and improved 220 basis points from 2006. Operating earnings of $96 million for the quarter were up 64% from 2006 levels. As a percentage of revenues, operating earnings improved to 12.6%, up significantly from the 8.8% earned a year ago, and for the full year, we achieved an operating margin of 11.2% which compares with 8% in 2006, excluding the litigation settlement last year, and compares with 7% back in 2005. We're pleased that these improvements in profitability were achieved through a combination of both sales growth and margin expansion.

Interest expense is up 4.5 million year-over-year as a result of higher debt levels from the Business Solutions acquisition. Our effective income tax rate in the fourth quarter was 31.2% as compared to 28.5% last year. The effective tax rate in the quarter was lower than our prior estimate of 34.5%, principally as a result of a more favorable geographic mix of earnings and rate reductions in several foreign jurisdictions. Diluted earnings per share from continuing operations of $0.98 in the quarter were up significantly. About 56% from the $0.63 earned last year. Clearly, the improvements being made through the execution of our core initiatives are resulting in a solid operating platform that is delivering higher levels of earnings for our shareholders. With that is an overall summary, I will now turn to our segment results.

Starting with the Commercial and Industrial Group on slide 10, segment sales of $369 million in the quarter increased 16% over 2006 levels and were up 9.5% without currency. About two-thirds of the organic sales growth came from our worldwide industrial business. Also contributing to the increase was our European equipment and professional hand tools businesses along with continued strong sales growth in Asia.

Fourth quarter operating earnings of $38 million for the C&I group were up 18.6% year over year on higher sales and ongoing contributions from RCI. While the reported operating margin of 10.3% was up only slightly from the 10.1% earned last year, you have should note that this year's fourth quarter included $8.8 million of restructuring costs compared to last year's $4.1 million. This year's fourth quarter also included a $4 million building gain. This resulted from the sale of facility in Europe as we continue our manufacturing footprint migration to lower-cost regions. Absent these items, this year's operating margin in the quarter would have been 11.6% for the C&I group.

Turning now to slide 11, the Snap-on Tools Group had total sales of $279 million, up nearly 4.5% from 2006 levels. In North America, sales increased 1% year-over-year. In the U.S., franchisee count was flat but vans were down 1.6% as we continue to see runoff in the second van program. Importantly, however, the number of franchisees and the number of vans increased sequentially from third quarter levels, and we expect continued sequential increases in 2008. International sales in the Tools Group increased over 19%, excluding currency, sales were up 11.2% on continued strong sales performance in the UK and higher gains in Japan. Most of the improvement in the UK was from higher sales of tool storage and diagnostics. And in the UK we were named 2007 franchiser of the year by the British Franchise Association, again demonstrating the strength and innovative nature of our franchise business model.

Fourth quarter operating earnings for the Tools Group of $36.5 million were up over $21 million from last year. As I mentioned earlier, $10.1 million of this improvement was due to year-over-year LIFO comparisons. Operating earnings in 2007 benefited from $4.1 million of savings from ongoing RCI initiatives. Operating earnings also benefited from our franchise and supply chain improvements, including $1.7 million of lower costs in 2007 related to the successful completion of certain of these initiatives.

Now let's turn to the Diagnostics and Information Group, which is shown on slide 12. Fourth quarter sales in the D&I group increased over $29 million or 21% from 2006 levels. Business Solutions added $31 million in sales for the quarter. Our hand-held diagnostics, software, and information businesses grew $7 million or 11%. The negative comparison was in our OEM facilitation business which, as expected, is completing a contract with a major OEM in Europe. Gross margin in the D&I group improved to 44.7% in the quarter from 42.1% a year ago, reflecting the continued shift in sales to higher margin, higher value-added information products.

Operating earnings of $27.4 million in the quarter were up $6.7 million from prior year, including $2.6 million from ongoing RCI initiatives. As a percentage of sales, operating earnings in the D&I group improved 140 basis points from 14.8% of sales in 2006 to 16.2% of sales in 2007.

Now let me turn to a brief discussion of our balance sheet and cash flow. As seen on slide 13, we continue to improve receivables and inventory management. Days sales outstanding dropped to 73 days from 76 days, compared to the same period a year ago. While inventory turns improved to 4.9 times from 4.6 last year. And, as you would expect, the dollar values of inventories and receivables were significantly affected by currency, increasing in total about $40 million from year end 2006. Our net/debt position at year end is $425 million, and our net-debt to total capital was 24.9% which is down from its high of 31.5% shortly after the Business Solutions acquisition.

Turning to slide 14, cash provided by operating activities in the quarter was about $54 million and free cash flow was $35.5 million. For the full year 2007, cash provided by operating activities was $231 million and free cash flow was $169 million. Free cash flow for the year was reduced by $44 million, of which $24 million occurred in the fourth quarter principally resulting from litigation settlement payments and contributions to fund a portion of our post-retirement health care liabilities. As we planned, capital expenditures for the year of almost $62 million were up from $51 million last year, due to higher investments to improve manufacturing flow and flexibility and to support our strategic supply chain and other growth initiatives, including expansion of our manufacturing capabilities in lower-cost regions.

In 2007, we made $120 million of shareholder distributions. This is net of proceeds received on shares issued under stock option and purchase plans and includes our quarterly dividend, which was raised last quarter by 11% to $0.30 per share. This concludes my remarks on our fourth quarter performance. Now I would like to briefly review with you some financial considerations for 2008 as shown on slide 15.

With respect to 2008, we expect to continue to invest in our growth initiatives including further investments in Asia and other global emerging markets to further expand worldwide sourcing, manufacturing, and sales. Snap-on also expects to continue implementing its other strategic and RCI initiatives, intended to provide higher levels of growth and profitability. Snap-on anticipates 2008 restructuring costs to be in a range of $15 to $20 million, down from the $26 million incurred in 2007. Capital expenditures in 2008 are expected to be in a range of $55 to $60 million. Snap-on also expects that its 2008 effective income tax rate will approximate 33%. As a result, Snap-on expects full-year 2008 sales and operating earnings to improve over 2007 levels. Before opening the call for questions, Nick would like to provide some closing thoughts. Nick--

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Nick Pinchuk - *Snap-on Incorporated - President, CEO*

Well, as I said earlier in my comments, the fourth quarter in particular and the year 2007 in general were quite encouraging. The results, I think, provide testimony that the path we're taking extending our C&I business down the runway we see there, taking full advantage of the terrific business model we have in the van channel, integrating Business Solutions, building our software portfolio, driving innovation and continuing to improve in working RCI, it seems to be working. It seems to be succeeding. And it's delivering a trend now for a number of quarters of achievement. But I suppose the question on the mind of most people is what about the environment?

Well, in the near term it's likely that economic wins will be some challenge, but there are always challenges in business, and if you look at the first quarter we have managed well so far and we're pretty confident we can manage going forward. And that's because our businesses are positioned in favorable sectors. Our activities are spread among multiple industries, all over, over many geographies. Our strategies -- we're pretty sure are sound, our competitive position has never been stronger, and our operating capabilities and our skills are improving. We can see it every day. So that's why we're optimistic. We're optimistic about continuing our trend of improvement through 2008 and beyond. We feel pretty good about the position we have. Now I'll turn the call back to the operator for questions. Operator?

QUESTIONS AND ANSWERS

Operator

(OPERATOR INSTRUCTIONS) We'll go first to Alexander Paris with Barrington Research Associates.

Alexander Paris - *Barrington Research Associates - Analyst*

Quarter.

Marty Ellen - *Snap-on Incorporated - SVP, CFO*

Yes, thanks.

Nick Pinchuk - *Snap-on Incorporated - President, CEO*

Thanks, Alex, good morning.

Alexander Paris - *Barrington Research Associates - Analyst*

Morning. Just a couple of quick questions, you mentioned 6% of sales in the fourth quarter are from Asia-Pacific, you were not including Japan and Australia in that? These were just the emerging countries right?

Nick Pinchuk - *Snap-on Incorporated - President, CEO*

No. No. I was including everything, which makes the base -- I was including Japan in that.

Alexander Paris - *Barrington Research Associates - Analyst*

Oh, so that's only 6% in Japan --

Nick Pinchuk - *Snap-on Incorporated - President, CEO*

Japan is about a $50 million business, I think.

Alexander Paris - *Barrington Research Associates - Analyst*

Yes.

Nick Pinchuk - *Snap-on Incorporated - President, CEO*

And our businesses in Asia-Pacific in what you would call the emerging markets, I think in the full year about $83 million.

Alexander Paris - *Barrington Research Associates - Analyst*

Okay. And for example India and China, the fast-growing areas, are they amenable to a van distributions? That is, do the mechanics own their own tools?

Nick Pinchuk - *Snap-on Incorporated - President, CEO*

The mechanics do not own their own tools in that area. So they are not -- I guess fertile ground for the van channel as we know it. They are -- they are grounds, though, for vans used in things like demonstration vans where you can develop businesses. The model that would be deployed in places like India and China would be more like the model we deploy with Bahco. And we do deploy a van model, primarily in distribution, around Japan where technicians don't own their own tools. So what we see developing in India and China are a variety of distribution channels. One would be direct for bigger customers. Two, would be through distributors, and we're building a growing number of distributors. That's what has been successful for us in Europe, and then in selected places demonstration vans, but you won't see it the way we saw it in the United States because the technicians do not own their own tools. We still feel pretty positive about the prospects of expanding in that area though.

Alexander Paris - *Barrington Research Associates - Analyst*

Yes, more and more cars, sure.

Nick Pinchuk - *Snap-on Incorporated - President, CEO*

Sure. The cars and the car PARC are growing substantially.

Alexander Paris - *Barrington Research Associates - Analyst*

Right. Speaking of the domestic van business for North America and 1% growth, that's under the market growth. I'm just wondering is -- is it where your dealers may be reducing some of their inventory just in face of the economic environment or -- or what?

Nick Pinchuk - *Snap-on Incorporated - President, CEO*

Well, we have a lot of variation. I mean, I will talk to you about the sales change per -- the franchisee improvement year-over-year. We tend to get a lot of variation from quarter-to-quarter, so we don't put much stock in a particular quarter. I'll -- the quarters were something like 5 and -- the four quarters of this year, 5% growth, 1% growth, 7% growth and 1% growth this year. We see a lot of variation. I will tell you this. Is that we have a kickoff that comes every January for the year by region. Chicago had one, Phoenix had one. Marty, by the way, went to the Phoenix kickoff. I went to the Chicago kickoff. There is something wrong with that picture, I might add. But in that kickoff, our franchisees order -- and they ordered a record amount of product this time. So we feel pretty positive. The 1% doesn't bother us at all. Of course we always remain vigilant. We read the paper, and we are watching everything but, in fact, based on the kickoff, we feel pretty good about our position.

Alexander Paris - *Barrington Research Associates - Analyst*

Okay. Just one more quick question and I'll get off, sorry. There's a huge momentum that you have to keep beating the forecast, which is great, and longer term, you know, it can't continue. I don't know, just a question -- where are you in terms of, say, RCI opportunities a quarter way through? Half? Three quarters? And what -- when it settles down a little bit more, given all of the changes you made, what you would say your longer term, say, three to five year growth that you would be expecting or hoping for in terms of top line earnings and margin?

Nick Pinchuk - *Snap-on Incorporated - President, CEO*

That's several-part question. This is the famous Jack Michaels's question to the RCI. He usually says three to four, and I am not contradicting him about that. I can tell you that everywhere we go in the organization, we can see abundant opportunity for RCI improvement. By that I mean obvious things that can be improved and done better. RCI had quite a bit of improvement in 2007. So we feel -- we feel pretty strongly that we can continue that going forward.

Now, in terms of our growth and profitability going forward. I think Marty has said here for 2010, in terms of operating income, we're targeting a mid-ish, double-digit number. I don't know exactly where that world came from, but mid-ish double-digit number by 2010, and I think you could expect us to target growing between 5 and 10 -- mid-single digits in sales and try to get mid-double digits in profit moving forward. That's the kind of thing we would do.

Marty Ellen - *Snap-on Incorporated - SVP, CFO*

Alex, it's Marty. We've talked in the past about a model out to 2010 when we first looked at that as planning horizon a year or so ago that we thought we could expand operating margins to about 13%, and we have previously acknowledged that given where we are today, we're probably ahead of where we thought we would be at this point, and now believe we could probably take that 13 up by 2010 to say mid double digits. We think there is that kind of margin expansion in the business. We're comfortable with the organic growth in the mid-single digits, but we -- as we have said, and people have asked, on the margin expansion side where we think it is, and we have said in the past we thought we had a lot of opportunity in SG&A, and I think you're seeing some of that come through in the numbers we're now reporting.

Alexander Paris - *Barrington Research Associates - Analyst*

Okay. Thanks very much. Sorry for too many questions. Great quarter.

Nick Pinchuk - *Snap-on Incorporated - President, CEO*

Thanks.

Operator

We'll go next to Steven [Neson] with MindFlow Capital Investments

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Steven Neson - *MindFlow Capital Investments - Analyst*

Yes, thanks a lot, guys. Couple of things, Nick, that piqued by attention. You guys obviously have an outstanding Rapid Continuous Improvement program in place. What metrics are you guys using within your manufacturing facilities to measure success in terms of like OEE, RONA, some of those are the bigger metrics out there kind of similar to yours? Are you using those types of metrics? And also, how are you guys giving yourselves visibility into root causes of failures within your production process? And what are you doing to catch those root causes in time to make the necessary adjustments and improve on through-put?

Nick Pinchuk - *Snap-on Incorporated - President, CEO*

Well, first thing -- first thing -- let me just say that we try to take -- we try to -- that's a big question. Let me just say that we order the business fundamentals in this way, safety, quality, delivery, and cost. So we have measurements along each of those categories. I talked a little bit about delivery with complete and on-time, so that's one of the things where we measure our effectiveness in RCI. The 88% going to 94% is a good example of that. We do track, in terms of cost, we track the productivity on a sales per headcount business. And of course there's the macro, which is the RONAEBIT number which encompasses everything. We look at those two things -- in terms of safety, we have incident rates which we track on a biweekly basis at the corporate level. So those are the big things.

In terms of quality, it tends to break down more product by product and plant by plant because there are a lot of variations on how to measure that product activity. I will tell you that Snap-on has had great record in terms of quality, but Jack and I talked about this one when he was there, and we have more to do in terms of measuring quality in each of our plants. Right now, what we do is we measure at the plant level. We have nonpareil activities in terms of looking at reject rates, measuring carefully, understanding the P-charts, statistical process analysis and trying to catch everything in the plant. What we don't do is have the customer feedback as well as we might, and we're going to be putting that in place in 2007.

Steven Neson - *MindFlow Capital Investments - Analyst*

Great. You think you have your visibility in control to where you are able to catch failures before they actually --

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Nick Pinchuk - *Snap-on Incorporated - President, CEO*

Absolutely in the plants. Absolutely. What I'm not satisfied with, and what we need to do a lot more work on is what happens in the field after -- after it's been there for a while. We do catch infant mortality.

Steven Neson - *MindFlow Capital Investments - Analyst*

Okay.

Nick Pinchuk - *Snap-on Incorporated - President, CEO*

We don't -- our product is quite durable so we don't have a lot of data coming back from the field. But we don't have the mechanisms in place to monitor that, should we have a problem.

Steven Neson - *MindFlow Capital Investments - Analyst*

Going in to '08 what systems and solutions are you going to be putting in place to keep accelerating these outstanding RCI initiatives that you have in place?

Nick Pinchuk - *Snap-on Incorporated - President, CEO*

I don't think we're going to be doing anything greatly different. Each of our activities of a certain size, and most of them I think it's about a hundred people, has a full-time RCI coordinator. We study at the feet of probably the world's experts, Shingujutsu, the people who put the Toyota production system in place in Japan. We have them in our plants regularly. We have our people train under them, and we keep pushing that envelope to try to make sure we keep expanding and improving the continuous improvement. So you have people in place who are professionals, you have the Shingutusu who are there leading specific events, and you have a whole bunch of other events that are not outside lead, consultant lead, but are lead by the internal people, that are driving this and then one final thing is every year -- we think this is pretty important -- every year we bring together the best teams who have done the most outstanding job, made the biggest impact on our operation, we bring them to a central site and we celebrate their success.

Steven Neson - *MindFlow Capital Investments - Analyst*

Kind of like a president's club in a way?

Nick Pinchuk - *Snap-on Incorporated - President, CEO*

Yes, we call it the RCI Conference. We'll have it, I think, in February coming up here. And what happens is they come to the meeting. They make a presentation. They display their event, and they have a celebratory dinner recognizing them.

Steven Neson - *MindFlow Capital Investments - Analyst*

Is that usually like the top person from each plant?

Nick Pinchuk - *Snap-on Incorporated - President, CEO*

We bring the team from each plant. We bring five people from Portugal. They have never been outside of Portugal to the United States. The celebration is an important piece of it.

Steven Neson - *MindFlow Capital Investments - Analyst*

Are there still any plants that concern you in terms of metrics they are not achieving, or how is that going? Or are you pretty satisfied with all of your plant's productivity? Are there certain areas of the country or world that are still not achieving through-put?

Nick Pinchuk - *Snap-on Incorporated - President, CEO*

I can tell you this. I'm satisfied with none of my plants. We are not satisfied at all. We are happier with some of them, but we are unsatisfied with all of them.

Steven Neson - *MindFlow Capital Investments - Analyst*

Okay. Final question, you have been on board for about a month --

Nick Pinchuk - *Snap-on Incorporated - President, CEO*

I actually have been here --

Steven Neson - *MindFlow Capital Investments - Analyst*

You have been President and CEO for quite sometime, and in your new title you have been on board for a little while. 2008 is going to be challenging for a lot of companies out there in the manufacturing world, what is going to be your number one goal to accomplish your full year CEO that you want to tell the shareholders I'm the right man for the job, and that is how I'm going to improve shareholder value?

Nick Pinchuk - *Snap-on Incorporated - President, CEO*

Wow we're going to continue -- first of all I want to stop for a minute. We are not similar to many companies.

Steven Neson - *MindFlow Capital Investments - Analyst*

You are better.

Nick Pinchuk - *Snap-on Incorporated - President, CEO*

Our companies in this sector. I think this is an important point. We are deeply rooted in the vehicle repair sector. Repair metrics, repair -- spending in the United States on vehicle repair are going up 4.6% year-over-year, and it has been steady. The car PARC is growing at 2% a year, but aging fast -- every year it has aged every year since 1960. 39% of the cars are over 10 years old -- no 60% of the cars are over 10 years old -- 39% are over 10 years old and over half of them are off of warranty. So vehicle repair is a very resilient business to be in. We're not like most people, or most of the companies we get lumped in with. Now if you are going to talk about our particular next year, we want to maintain the balance of growth and continuous improvement. That's what I believe we can deliver to shareholders. We have ample opportunity for -- we have ample opportunity for continuous improvement. We're going to keep that up, and we have runway for growth in vehicle repair, and in -- and in industrial businesses, and the emerging markets. In the vehicle repair business, you could look at vans and say well, that business might be affected. We don't think the underlying economics will be affected. And about 10% of our van routes are now open. We can fill those routes, regardless of the economy.

Steven Neson - *MindFlow Capital Investments - Analyst*

Okay.

Nick Pinchuk - *Snap-on Incorporated - President, CEO*

1.3 million technicians in the United States -- in North America. We only access at our complete network today, 850,000. We can access the remainder. So we have a lot more runway, I think under any circumstances, just a matter of unlocking it. So the balance is what I'm looking for to deliver to shareholders.

Steven Neson - *MindFlow Capital Investments - Analyst*

Okay. I think with the jump in the stock price today, shareholders are firmly behind you and believe you are the right man for the job.

Nick Pinchuk - *Snap-on Incorporated - President, CEO*

Thank you.

Steven Neson - *MindFlow Capital Investments - Analyst*

Good luck in 2008.

Marty Ellen - *Snap-on Incorporated - SVP, CFO*

Thank you.

Operator

We'll go next to Jonathan Steinmetz with Morgan Stanley.

Jonathan Steinmetz - *Morgan Stanley - Analyst*

Great. Thanks, good morning, everyone.

Nick Pinchuk - *Snap-on Incorporated - President, CEO*

Thanks. Good morning.

Jonathan Steinmetz - *Morgan Stanley - Analyst*

A few questions here. Just very near term oriented, you guys if I remember correctly have a fairly tough sales comparison in the first quarter, I think there was some BluePoint sort of channel fill in the first quarter of last year. If we pull out currency, do you think you can continue to grow in the mid single digit rate or does the comparison make that difficult to start the year?

Nick Pinchuk - *Snap-on Incorporated - President, CEO*

Comparison makes it more difficult, but we feel -- we feel pretty good about our opportunities to keep our momentum going. I think we're not backing off our idea that we're going to grow mid-single digits, because we have a lot of opportunities. I mean, as I said, the industrial business. We don't want to ignore that, grew at 23% in the last quarter. That's continuing. I just got back from a conference with 500 industrial salesmen and they were pretty robust.

As I said, I went to the kickoff meeting and they did order a record amount of product, but I can tell you -- and I was at the Chicago meeting, so it's one region, but Marty would I think testify the Phoenix region was similar. Each of -- most of the dealers or the franchisees in that situation were very robust. Very positive. Now, sometimes when you go to events like this they're reved up and they get excited and they become positive, but their numbers back it up. So we feel pretty good about this.

Jonathan Steinmetz - *Morgan Stanley - Analyst*

Okay. Marty, and I may have missed this, but if you could talk a little bit from the financial services side, do you have any credit metrics you would share on delinquency trends or charge-offs there? We get asked a lot given what is going on from a subprime perspective as you can imagine, and a credit perspective, any numbers you can share there about trends?

Marty Ellen - *Snap-on Incorporated - SVP, CFO*

Yes. And first of all, I think -- as many of you know, we have been in this -- called subprime lending business for a long, long time. And our model is pretty unique because our underwriting standards are pretty disciplined and we shouldn't lose sight of the fact that while we think about our 3,000 or so franchisees as selling Snap-on product, there are also 3,000 people collecting at each customer's place of business on a weekly basis. The delinquency trends in the portfolio are actually still at reasonably historically low levels. Now they have ticked up a little bit. But what is interesting, Jonathan, is a little bit of tickup in the 30-plus category doesn't really show itself in 60 days. So, could that be a sign of some slow payments? Yes. But nothing that is causing us concern when we look at the level of these numbers.

Jonathan Steinmetz - *Morgan Stanley - Analyst*

Okay. And you don't think availability of credit is constraining anyone from sales or anyone getting off the ground?

Marty Ellen - *Snap-on Incorporated - SVP, CFO*

In terms of our sales?

Jonathan Steinmetz - *Morgan Stanley - Analyst*

Yes.

Marty Ellen - *Snap-on Incorporated - SVP, CFO*

No. I mean, we -- we -- we have defined credit programs and we offer those to our franchisees to offer them to their customers, and as I said these are products we have offered for a long time in the marketplace. I mean, you should know that our franchisees actually if their delinquencies for their customers exceeds certain defined levels, it actually is a little punitive for them. It is really incumbent upon them if they want to continue to use finance as an aid to enhance their sales that they really pay attention to collections. Collections both in terms of ECs and really collections of their own RA books as we call them is the fundamental piece of the model. And I'll echo what Nick said coming out of Phoenix, and these meetings were the middle of January so the data is relatively new. Most of the franchisees were optimistic about their businesses, and interestingly -- notwithstanding what I just said about the little bit of tick in the EC portfolio, collections in January, they say are pretty good. They are actually up on a per franchisee basis. So far, we would say so good.

Jonathan Steinmetz - *Morgan Stanley - Analyst*

Okay. And maybe if you guys could talk a little bit about priorites, in terms of use of excess cash post the dividend payment? Any holes you want to plug? It's been a little while now since you did the Business Solutions acquisition. Anything in that sort of 150, $100-$150 million acquisition type range from a strategic perspective where you could redeploy some excess cash and plug a hole.

Nick Pinchuk - *Snap-on Incorporated - President, CEO*

Sure. We certainly are for some period now -- Jack used the phrase -- some of our businesses have earned the right to grow. And certainly we're looking at Asia-Pacific. Everybody would want to grow in Asia-Pacific. We have a number of businesses in the C&I Group and the D&I Group which would want to look at acquisitions. And we have a process by which we're vetting through possible candidates. I'm not saying we are going to make an acquisition, but we are constantly looking at that and it wouldn't be a huge upset down the line if we made an acquisition that did plug a hole. It could be in any of our businesses because we have quite a few opportunities - in C&I, D&I, emerging markets and industrial.

Jonathan Steinmetz - *Morgan Stanley - Analyst*

Where from a product, I understand the geographic type nature, where from a product perspective just sort of category-wise, where would you see something like that?

Nick Pinchuk - *Snap-on Incorporated - President, CEO*

Well, certainly we would see something in the diagnostic area, which would be quite attractive in that area. You would feel that that would give you some possibilities. There are a number of geographic plays in terms of positioning, buying share, and buying capability to produce any number of products in a number of geographies like in Eastern Europe or in Asia Pacific. And then in our industrial businesses, we have industrial customers that trust us. They like the Snap-on brand. We have generated quite a bit of growth by packaging other products with our Snap-on products in kits and mobile tool cribs, and you can see us make an acquisition to add product lines in that area.

Jonathan Steinmetz - *Morgan Stanley - Analyst*

Okay. Thank you very much.

Operator

We'll take our next question from Ryan McLane with Janney Montgomery and Scott.

Ryan McLane - *Janney Montgomery and Scott - Analyst*

Good morning.

Nick Pinchuk - *Snap-on Incorporated - President, CEO*

Good morning, Ryan.

Ryan McLane - *Janney Montgomery and Scott - Analyst*

You spoke a little bit about the dealer network in terms of expanding total number of franchisees, but I was wondering if you could take it a step further and talk about your growth plans in general within that segment for 2008?

Nick Pinchuk - *Snap-on Incorporated - President, CEO*

Well, our growth plans in that area would be, of course, first and foremost -- I talked about the filling the open routes. I'm also talking about -- I mentioned in my comments about mid-tier and the RWD, the regional warehouse distribution program. Because we call on -- we call on customers today who we know buy lower-priced product -- they buy Snap-on products, but they buy lower-priced product from other vendors like Craftsman and so on. So the mid tier product kind of soaks up some of that business. We also know that our people -- our franchisees are calling on -- calling on garages and walking by technicians because they know those technicians don't buy the Snap-on product. We have something else to sell them in the mid-tier that gives them something to sell those technicians, sell them mid-tier and then move them in to the Snap-on product eventually. So you see those, those activities. So I think those are the major things.

And one other thing, in terms of what we have seen for a long time, is that our franchisees do occasionally sell other brands of products. Other brands of power tools. Other brands of some of our peripheral products. Other brands of torque wrenches. And as you see our product lines get stronger, I mentioned the CT4850, you will see us absorb some of that. So I guess you can look at our growth initiatives for the van channel in three pieces. One, fill the open routes. That's an easy one. We have customers who love us; we're not seeing them. Two, we have customers -- we have places we call on where people are buying other products, and they can be our customers, we'll sell them the mid-tier. Three, we have people who are buying other products, other branded products, and products we don't supply. We have new products that will push them out and capture some of that business back. And I think fourth, I guess, the RWD, where some of our franchisees have from time to time been going to independent distributors, and now that we offer a wide range of product through our own independent wholesale distributor, they'll buy through that and we're seeing that activity occur in the fourth quarter.

Ryan McLane - *Janney Montgomery and Scott - Analyst*

Thank you. That's helpful.

Nick Pinchuk - *Snap-on Incorporated - President, CEO*

Sure.

Ryan McLane - *Janney Montgomery and Scott - Analyst*

The other thing I wanted to talk about was within C&I, are there any packets of weakness that you are seeing anywhere, in terms of -- you touch many different types of industries. Is there any industry that you are seeing weakness in?

Nick Pinchuk - *Snap-on Incorporated - President, CEO*

I don't think so, I think -- if I think about this -- oh, we certainly see the tools -- the industrial business, which is basically hand tools being sold to a wide variety of industries. We don't see any particular weakness there yet. The equipment business is very strong in Europe. In the United States it has shown improvements, but it hasn't been as strong as Europe. We would like to see that a little bit stronger. The Asia-Pacific business seems to be booming. So C&I seems to be pretty strong across the board.

Ryan McLane - *Janney Montgomery and Scott - Analyst*

All right. Thank you very much.

Nick Pinchuk - *Snap-on Incorporated - President, CEO*

Sure.

Operator

We'll take our next question from David Leiker with Robert W. Baird.

David Leiker - *Robert W. Baird - Analyst*

Good morning.

Marty Ellen - *Snap-on Incorporated - SVP, CFO*

Good morning, David.

David Leiker - *Robert W. Baird - Analyst*

A number of questions first Marty on Diagnostics and Information. Can you quantify the impact of the facilitation business?

Marty Ellen - *Snap-on Incorporated - SVP, CFO*

That business unit roughly year over year had a decline in sales of about $10 million.

David Leiker - *Robert W. Baird - Analyst*

About $10 million? And then where you talk about the hand-held software information up 11. What portion of that business is made up by those product categories?

Marty Ellen - *Snap-on Incorporated - SVP, CFO*

Essentially, David, that's our diagnostics business and our Mitchell business, so hand-held diagnostics, software for hand-held and service information coming out of Mitchell.

David Leiker - *Robert W. Baird - Analyst*

Are you all done selling large box diagnostic equipment?

Marty Ellen - *Snap-on Incorporated - SVP, CFO*

Yes.

Nick Pinchuk - *Snap-on Incorporated - President, CEO*

Yes.

David Leiker - *Robert W. Baird - Analyst*

That's gone?

Marty Ellen - *Snap-on Incorporated - SVP, CFO*

Yes. Unless you want one?

David Leiker - *Robert W. Baird - Analyst*

That's -- no. Thank you. Thanks for the offer, though.

Marty Ellen - *Snap-on Incorporated - SVP, CFO*

All right.

David Leiker - *Robert W. Baird - Analyst*

How long will the facilitation business continue to be a drag?

Marty Ellen - *Snap-on Incorporated - SVP, CFO*

There will still be some negative comps coming in 2008, particularly in the first part of the year. The program really started to wind down in the back half of 2007.

David Leiker - *Robert W. Baird - Analyst*

And how large is it do you think?

Marty Ellen - *Snap-on Incorporated - SVP, CFO*

The numbers should start to come down from the number I just gave you, which was the fourth quarter number, to be clear.

David Leiker - *Robert W. Baird - Analyst*

Okay. And then if I want to -- in last year's $140 million, how much of that was Business Solutions? Do you know off hand? Actually, I can grab it probably. $20 million?

Marty Ellen - *Snap-on Incorporated - SVP, CFO*

Oh, in last year's quarter, but in the five weeks last year about $20 million. I think it was $20.4.

Nick Pinchuk - *Snap-on Incorporated - President, CEO*

$20 million. It was --

David Leiker - *Robert W. Baird - Analyst*

If I wanted to do, if I stripped off Business Solutions and facilitation, I get a number, $128 million, I want to compare it to the $120, is that an apples to apples number?

Marty Ellen - *Snap-on Incorporated - SVP, CFO*

You stripped it out for this year to get to 128?

David Leiker - *Robert W. Baird - Analyst*

It went from $120 to $128. I'm getting about 7% when I do that.

Nick Pinchuk - *Snap-on Incorporated - President, CEO*

That's about right. I think we think it's up about 9% year-over-year, but you are in the right -- Yes.

David Leiker - *Robert W. Baird - Analyst*

Okay. And then if we look at emerging market, can you just give us a rundown across your business of where you are strategy wise both in terms of addressing the market as well as from a manufacturing perspective across the businesses?

Nick Pinchuk - *Snap-on Incorporated - President, CEO*

Okay. Let's -- let's talk about our manufacturing first. Okay? We have -- we have plants now -- two plants in Kunshan outside of Shanghai. In effect the Shanghai area. They produce power tools. They produce equipment -- undercar equipment and they now produce saws. Hacksaws, specifically.

David Leiker - *Robert W. Baird - Analyst*

Okay.

Nick Pinchuk - *Snap-on Incorporated - President, CEO*

All right? That's for the manufacturing and obviously there's opportunity to put more product in those plants, we have a little bit more space and there is more land available. So you'll see us pushing out from that footprint itself. We do not I guess importantly make hand tools yet in Asia.

David Leiker - *Robert W. Baird - Analyst*

Okay. And are those -- any of those Snap-on branded?

Nick Pinchuk - *Snap-on Incorporated - President, CEO*

Well, yes. The -- we -- we produce equipment for the Asian market that's Snap-on branded. We produce power tools. In fact actually we produce Snap-on branded power tools, Snap-on branded equipment for the Asian market, and we produce a particular product called the CTS 561, a small cordless screwdriver for the U.S. market that is Snap-on branded. It incidentally, we -- our target was 15,000, it sold 139,000 units which is more than any power tool in the history of Snap-on.

David Leiker - *Robert W. Baird - Analyst*

Wow.

Nick Pinchuk - *Snap-on Incorporated - President, CEO*

It was a huge value to us. We learned quite a lesson in that particular product line in terms of quality in terms of introduction to the market. Now the hacksaws -- the saw product as you know are usually not sold under the Snap-on brand, they're sold under the Bahco brand. And that's being produced in that way. That's manufacturing. If you look at distribution, David, we measure two things, one is -- and the distribution tends to sell the entire product line. We have sales offices with product experts inhabiting those sales offices. I think the numbers are in 2005 or 2004, we had two offices. Now -- by the end of this year we'll have 20.

David Leiker - *Robert W. Baird - Analyst*

Okay.

Nick Pinchuk - *Snap-on Incorporated - President, CEO*

In Asia-Pacific. I think the tag line I would like to say is when I arrived in Shanghai in 2003, all the people who worked for Snap-on in Shanghai arrived with me. And now we have 353 people in Asia, so we're expanding substantially. And then we have a number -- what we call distributors throughout the region. I think the number is up to 425 now and we keep pushing that up. Obviously there's a bunch of support to that. We're going to conduct 800 training sessions for those distributors this year. And some of that business -- obviously what happens, David, is different products in different markets take off better. For example, next year, the biggest buyer of hacksaws in the Snap-on world will be in Indonesia.

David Leiker - *Robert W. Baird - Analyst*

Oh, really?

Nick Pinchuk - *Snap-on Incorporated - President, CEO*

Yes. And I think we're one of the leading producers of Snap-on -- not Snap-on, but of hacksaws.

David Leiker - *Robert W. Baird - Analyst*

Okay.

Nick Pinchuk - *Snap-on Incorporated - President, CEO*

So this is starting to be a better and better business. As we build, we expect to accelerate in terms of growth.

David Leiker - *Robert W. Baird - Analyst*

And your manufacturing in China, a other than that one product that's all for the local region?

Nick Pinchuk - *Snap-on Incorporated - President, CEO*

You mean, saws --

David Leiker - *Robert W. Baird - Analyst*

When you talked about the -- well, power equipment and saws?

Nick Pinchuk - *Snap-on Incorporated - President, CEO*

We manufacture a pretty full line of equipment, undercar equipment. We manufacture a selected line primarily -- a selected line of power tools, and simply the one hacksaw product for saws, and we're going expand beyond that as we go forward.

David Leiker - *Robert W. Baird - Analyst*

Are you exporting from there to other markets or is that all for --?

Nick Pinchuk - *Snap-on Incorporated - President, CEO*

We export power tools and we export hand saws, we don't now export equipment because it's been eating most of the capacity.

David Leiker - *Robert W. Baird - Analyst*

Where is your position today on the hand tools? You --

Nick Pinchuk - *Snap-on Incorporated - President, CEO*

Well, we -- right now source out of Asia, but obviously you can see us as we move forward our strategy would be to consider having hand tool production in Asia. Asia is such a big market, I think you have to think about making everything there, some version of everything. I think it's worth saying, when I talked about, in the beginning, disappointing customers, Asia was a place where we did disappoint a lot of customers. We have one of the most robust band saw businesses there. We couldn't deliver enough. We couldn't deliver enough hacksaws until we got our full capacity in place. So -- so Asia would have been even bigger had we been able to deliver.

David Leiker - *Robert W. Baird - Analyst*

There has been talk in the past there has been reluctance on producing the Snap-on branded hand tools outside of North America. Is that still the case?

Nick Pinchuk - *Snap-on Incorporated - President, CEO*

Yes, we're not looking to produce the hand tools, but -- we looked at cordless power tools, and we said where are cordless power tools are produced today and they are almost all produced in Asia, and by the way from our perspective it's Snap-on designed right here in Kenosha, with our engineers, using the latest finite element techniques and dynamic simulation techniques, and produced in Asia under Snap-on supervision to Snap-on quality levels. That applies for almost all of the products. But for hand tools, our position is such in the United States that I don't see us actually moving Snap-on branded hand tools to Asia in the near term.

David Leiker - *Robert W. Baird - Analyst*

Okay. And then the last thing, Marty, on the LIFO accounting, do you have any estimate of what impact that might have or might not have here in 2008?

Marty Ellen - *Snap-on Incorporated - SVP, CFO*

I don't. But since you asked, I would let everybody know for the full year 2007 -- even though we had $6 million gain in the fourth quarter -- it was only about a half million for the full year. That meant we had charges in the earlier quarters, if you haven't looked back, while we had a $4 million charge in the fourth quarter, it was only 1 million for the full year. So you do get some variation across the quarters, but if you are looking at LIFO and you're trying to adjust margins on an operating basis, very little effect full year 2007.

David Leiker - *Robert W. Baird - Analyst*

Okay. Great. Thank you.

Operator

And we have no further questions. At that time, I would like to turn the call back over to Marty Ellen for any additional or closing comments.

Marty Ellen - *Snap-on Incorporated - SVP, CFO*

We thank you all for joining us this morning and thank you for your interest in Snap-on. You have any further questions or want clarification or information, my contact information is shown at the bottom of the press release. Thank you and have a good day.

Operator

That does conclude today's presentation. We appreciate your participation, and you may now disconnect.