Quarterly Financial Review

Second Quarter 2009

July 31, 2009

Cautionary Statement

- These slides should be read in conjunction with comments from a conference call held on July 31, 2009. The financial statement information included herein is unaudited.

- Statements made during the July 31, 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 January 3, 2009, 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 period ended April 4, 2009, which are incorporated herein by reference, and the need to provide financing for the contracts and loans originated by Snap-on Credit LLC due to the termination of Snap-on's joint venture with The CIT Group, Inc. Snap-on disclaims any responsibility to update any forward-looking statement provided during the July 31, 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

Chairman, President and Chief Executive Officer

July 31, 2009

Marty Ellen

Senior Vice President and Chief Financial Officer

July 31, 2009

Consolidated Results – 2nd Quarter

($ in millions, except per share data - unaudited)	2009		2008		Change
	$	**%**	**$**	**%**	
Net sales	$ 590.0		$ 766.1		(23.0)%
Gross profit	$ 254.0	43.1 %	$ 346.5	45.2 %	(26.7)%
Operating expenses	200.3	33.9 %	245.6	32.1 %	(18.4)%
Financial services revenue	$ 25.6		$ 18.3		39.9 %
Financial services operating earnings	16.6		10.8		53.7 %
Operating earnings	$ 70.3	11.4 %	$ 111.7	14.2 %	(37.1)%
Interest expense	$ 11.6		$ 8.8		31.8 %
Net earnings	$ 37.4		$ 66.9		(44.1)%
Diluted EPS	$ 0.65		$ 1.15		(43.5)%

- Organic sales (excluding currency) down year over year 16.4%; up almost 1% sequentially

- Gross profit margin of 43.1%, down 210 basis points
  - Higher restructuring of $5.7 million contributed about 100 basis points of decline
  - Excess manufacturing costs mostly offset by Rapid Continuous Improvement (RCI) and other cost improvements, although not equally across all segments

- Operating expenses decline of $45.3 million includes effects of lower sales volume
  - Currency translation reduced expenses by $13.5 million
  - RCI and other cost savings initiatives contributed $17.2 million
  - Higher restructuring of $1.0 million and pension expense of $3.0 million

- Operating margin before restructuring in the second quarter of 12.8%, improved sequentially from the first quarter of 11.2%

Commercial & Industrial – 2nd Quarter

($ in millions - unaudited)	2009	2008	Change
Segment sales	$ 256.4	$ 387.7	(33.9)%
➢ Organic sales	(98.1)		(25.3)%
➢ Currency translation	(33.2)		(8.6)%
Gross profit	$ 73.3	$ 146.8	(50.1)%
% of sales	28.6 %	37.9 %	
Operating expenses	$ 73.2	$ 97.5	(24.9)%
% of sales	28.6 %	25.2 %	
Operating earnings	$ 0.1	$ 49.3	(99.8)%
% of sales	–	12.7 %	

- Organic sales down $98.1 million or 25.3%
  - Continued lower sales as economic downturn deepened across most European economies, particularly affecting sales at the company's European-based tools business

- Gross profit margin declined to 28.6% from 37.9%
  - $4.9 million of higher restructuring costs reduced margin by 200 basis points
  - Excess manufacturing capacity costs, particularly in the European-based tools business, reduced margin by approximately 550 basis points; lower production levels contributed to inventory reduction of $35 million
  - Material cost reductions and RCI improvements were offset by lower volume and mix across the businesses

- Operating expenses down $24.3 million, or 24.9%, primarily due to lower volume-related expenses and $8.6 million of currency translation; RCI and other cost reduction initiatives contributed $6.5 million
  - Reductions partially offset by $1.4 million of higher restructuring costs

- More than half of operating earnings decline due to European-based tools business

Snap-on Tools – 2nd Quarter

($ in millions - unaudited)	**2009**	**2008**	**Change**
Segment sales	$ 258.3	$ 292.8	(11.8)%
➢ Organic sales	(22.1)		(7.5)%
➢ Currency translation	(12.4)		(4.3)%
Gross profit	$ 109.6	$ 122.7	(10.7)%
% of sales	42.4 %	41.9 %	
Operating expenses	$ 81.6	$ 87.4	(6.6)%
% of sales	31.6 %	29.8 %	
Operating earnings	$ 28.0	$ 35.3	(20.7)%
% of sales	10.8 %	12.1 %	

- Organic sales down $22.1 million, or 7.5%
  - Sales down 8.5% in the U.S. franchisee operations; organic sales in international franchise operations down 4.9%
  - U.S. van count flat with first-quarter 2009, up modestly from last year
- Gross profit margin of 42.4% compares to 41.9% last year
  - Improved pricing and cost savings offset negative margin impact of currency and excess manufacturing capacity costs
- Operating expense decline includes $6.1 million of RCI and other savings, and $2.8 million of currency translation
- Operating earnings decline primarily due to lower sales volumes and $6.5 million of unfavorable currency impacts
- Compared to first quarter 2009 levels, organic sales increased 4.5%; sequential operating margin improved 210 basis points

Diagnostics & Information – 2nd Quarter

($ in millions - unaudited)	2009	2008	Change
Segment sales	$ 137.0	$ 164.8	(16.9)%
➢ Organic sales	(20.6)		(12.5)%
➢ Currency translation	(7.2)		(4.4)%
Gross profit	$ 71.1	$ 77.0	(7.7)%
% of sales	51.9 %	46.7 %	
Operating expenses	$ 37.1	$ 46.0	(19.3)%
% of sales	27.1 %	27.9 %	
Operating earnings	$ 34.0	$ 31.0	9.7 %
% of sales	24.8 %	18.8 %	

- Organic sales down $20.6 million, or 12.5%; $7.2 million of unfavorable currency translation
  - Lower essential tool and facilitation program sales to OEM dealerships

- Gross profit margin of 51.9% up 520 basis points from 2008 levels on improved sales mix
  - Reflects $3.2 million of unfavorable currency and $1.8 million of higher software development costs, partially offset by $2.3 million of RCI and other savings
  - Increased sales of higher margin diagnostics and software products

- Operating expense decline includes $4.6 million of RCI savings, $2.1 million of currency translation, and lower sales volume related and other expenses

- Operating earnings up $3.0 million; operating earnings margin of 24.8% up 600 basis points from 2008 levels primarily due to favorable mix and $6.9 million of RCI savings

- Compared to first quarter 2009 levels, organic sales improved 2.3%; operating earnings increased 32.3%

Financial Services – 2nd Quarter

($ in millions - unaudited)	**2009**	**2008**	**Change**
Segment revenues	$ 25.6	$ 18.3	39.9 %
Operating earnings	$ 16.6	$ 10.8	53.7 %
Originations	$ 136.7	$ 133.3	2.5 %

- Second quarter 2009 originations up 2.5% year over year
- Lower market discount rates improved earnings of Snap-on Credit
- Snap-on Credit and Snap-on franchisees have heightened their efforts and continue to work diligently to control delinquencies in current credit environment

Cash Flow

($ in millions - unaudited)	2nd Quarter 2009	2nd Quarter 2008	Year to Date 2009	Year to Date 2008
Net cash provided by operating activities	$ 155.6	$ 80.5	$ 170.3	$ 148.3
Net cash due to:				
➢ Net earnings	42.0	70.4	79.2	128.1
➢ Depreciation and amortization	19.0	18.8	37.1	36.5
➢ Changes in deferred income taxes	3.6	1.1	18.2	16.4
➢ Changes in operating assets and liabilities	94.9	(11.5)	39.6	(35.1)
Capital expenditures	$ (19.5)	$ (17.9)	$ (33.6)	$ (33.3)
Free cash flow	$ 136.1	$ 62.6	$ 136.7	$ 115.0
Acquisitions of businesses	$ -	$ (0.4)	$ -	$ (13.8)
Increase (decrease) in debt, net	$ 1.9	$ 1.3	$ 301.9	$ (0.7)
Shareholder distributions, net	$ (13.7)	$ (35.1)	$ (31.0)	$ (62.2)
Increase in cash	$ 123.7	$ 26.3	$ 408.6	$ 47.6

- Free cash flow – Net cash provided by operating activities less capital expenditures
- Changes in operating assets and liabilities principally as a result of increased emphasis on inventory reduction
- Capital expenditures - Continued expansion of manufacturing capabilities in lower-cost regions and emerging markets
- Acquired 60% interest in Chinese hand tool manufacturer in 2008
- Cash dividends paid of $17.0 million in the quarter and $34.4 million year to date

Balance Sheet

($ in millions - unaudited)	**June 2009**	**December 2008**
Accounts Receivable	$ 472.6	$ 522.1
Days Sales Outstanding	65	64
Inventory	$ 302.8	$ 359.2
Inventory turns - TTM	4.1	4.6
Total debt	$ 819.3	$ 515.4
Cash	$ 524.4	$ 115.8
Net debt	$ 294.9	$ 399.6
Net debt to capital ratio	18.9 %	25.2 %
Pretax return on invested capital - TTM	18.8 %	22.0%

- Accounts receivable decrease of $49.5 million
  - Lower year-over-year first half sales
  - Continued strong collections

- Inventory down $56.4 million from 2008 year end
  - Inventory turns (based on the last trailing twelve months average inventory levels) of 4.1 times compared to 4.6 times at year-end 2008 levels, although at second quarter inventory levels, turns would be relatively unchanged from year end

- Issued $300 million of fixed rate, unsecured notes on February 24, 2009
  - $100 million due in 2014 at an all-in effective rate of 6.0%
  - $200 million due in 2019 at an all-in effective rate of 6.8%

Snap-on Credit (SOC)

- On July 16th we terminated the joint venture agreement with CIT and acquired their equity in the joint venture for $8.2 million
- No interruption to the operations of Snap-on Credit
- Snap-on Incorporated will now provide all necessary funding to SOC
- Significant changes to our financial statements beginning in the third quarter
  - No longer recognize gains on contracts sold to CIT, instead will record interest yield over the contract's term
  - Expect the financial services segment to report a loss from operations of $8 million - $10 million in each of the third and fourth quarters
  - As the portfolio is funded, it will be included in finance receivables on Snap-on's balance sheet

Financial Services Portfolio Data

($ in millions - unaudited)	US		International	
	Extended Credit	Total	Extended Credit	Total
Receivable balance outstanding	$ 603.5	$ 834.5	$ 86.3	$ 132.4
Weighted average yield	17.5 %	15.2 %	20.7 %	17.4 %
Estimated funding:				
Q3 2009	$ 121.1	$ 142.4	$ 12.4	$ 16.8
Next 12 months *	434.8	512.2	49.4	65.3
Net losses on portfolio (TTM)	$ 18.9	$ 21.9	$ 0.9	$ 1.8
60+ Delinquency:				
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 %
As of 12/31/08	2.5 %	1.9 %	0.7 %	0.8 %
As of 9/30/08	1.9 %	1.5 %	0.7 %	0.8 %

* Q3 2009 through Q2 2010